

JPRS-LAM-84-131

30 November 1984

# Latin America Report



FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

30 November 1984

## LATIN AMERICA REPORT

## CONTENTS

## INTER-AMERICAN AFFAIRS

Etcheverry Boneo Skeptical on Pre-Beagle Accord (Ricardo Etcheverry Boneo; CLARIN, 28 Oct 84).....	1
Mexican Seminar Treats Business Dealings With Cuba (NOTIMEX, 7 Nov 84).....	4
Briefs	
Barbados-Trinidad Trade, Aviation Talks Postponed	5
Peruvian Mayor Visits Cuba	5

## ARGENTINA

Iglesias Rouco on Falklands, UK Policy (J. Iglesias Rouco; LA PRENSA, 27 Oct 84).....	6
PCA Secretary Nadra on Communist Role in Government (NEUES DEUTSCHLAND, 18 Oct 84).....	10

## BAHAMAS

Reportage on PLP Convention; Pindling, Hanna Retained (THE TRIBUNE, various dates).....	11
Election of Officers, by Anthony Forbes	
Bannister Council Resignation	
Explanation of PLP Actions	
Text of Hanna Address	
New Party Chairman	
Adderley Attack on FNM, by Anthony Forbes	
Adderley on Party Unity	
Adderley on Pindling Support, by Anthony Forbes	
FNM Blast at Adderley	
Report on Pindling Speech, by Colin Higgins	
Pindling on Foreign Investment, by Colin Higgins	
FNM Evaluation	

Government's Commitment to Local Government Examined (Athena Damianos; THE TRIBUNE, 3 Nov 84).....	29
PLP Told Airport Radar System Near Completion (Anthony Forbes; THE TRIBUNE, 25 Oct 84).....	31
BERMUDA	
Swan Reacts to Article Claiming Island Is Pawn of U.S. (THE ROYAL GAZETTE, 22 Oct 84).....	33
Disarray in PLP Continues; Leaders Vie for Power (THE ROYAL GAZETTE, various dates).....	34
Analysis of Rebellion Smith's Parish Action Secretary General's Resignation Banquet Notice Foulup	
Union Dispute With BBC Continues; Jobs Issue Festers (THE ROYAL GAZETTE, various dates; THE WORKERS VOICE, 28 Sep 84).....	38
Allegation Against BBC License Request Denial BIU Appeal to Rights Commission Criticism of Commission Government Policy on Hotel Jobs Government on Wage Restraints	
Finance Minister Warns of Gloomy Economic Days Ahead (THE ROYAL GAZETTE, 16-18 Oct 84).....	44
James on Looming Problems PLP, Union Reaction Additional Reaction, Analysis	
PLP Hits Government, Calls for Coordinated National Housing Plan (THE ROYAL GAZETTE, 20 Oct 84).....	49
BOLIVIA	
Church Appeals to Government, Citizens To Overcome Crisis (EL MUNDO, 13 Oct 84).....	50
FONEM Asks Government To Promote Mining Exploration (PRESENCIA, 15 Oct 84).....	52
ENAF, Karachipampa To Join Efforts To Improve Sector (HOY, 13 Oct 84).....	54



Briefs	
Oil Production Decrease	55
New Oil Wells	55
New Oil Well	55

## BRAZIL

Sao Paulo Poll Shows Lack of Preference for Any Party (FOLHA DE SAO PAULO, 14 Oct 84).....	56
SNI Functions Transferred Prior To Expected Neves Victory (Carlos Chaves; O ESTADO DE SAO PAULO, 4 Nov 84).....	61
PCB Leader Views Party's Prospects Under Maluf, Neves (Roberto Freire Interview; CORREIO BRAZILIENSE, 30 Sep 84).....	65
Conference To Study Doubling of Grain Production in 10 Years (FOLHA DE SAO PAULO, 21 Oct 84; O ESTADO DE SAO PAULO, 4 Nov 84).....	72
Organized Campaign Needed Basic Foodstuffs Stressed, by Ellen B. Geld	
Air Ministry Expresses Interest in Helicopter Manufacture (O ESTADO DE SAO PAULO, 20 Oct 84).....	75
Sao Paulo To Establish Technological Development Centers (FOLHA DE SAO PAULO, 6 Oct 84).....	76
Social Programs Receive Funding of 757.5 Billion Cruzeiros (O ESTADO DE SAO PAULO, 10 Oct 84).....	79
Editorial Cautions Against Abandoning Austerity Measures (O ESTADO DE SAO PAULO, 30 Oct 84).....	81
Rumors of Replacing PDS Presidential Candidate Rise (O ESTADO DE SAO PAULO, 20 Oct 84).....	83
Briefs	
Maluf Urges Cuba Relations	85

## CHILE

Socialist Economist Proposes New Approach to Debt Crisis (Ricardo Lagos Interview; HOY, 15 Oct 84).....	86
Iquique National Party Joins National Unity Party (Sergio Montivero; EL MERCURIO, 13 Oct 84).....	91

PSD Opposes 'Political Pact' With Communists (EL MERCURIO, 25 Oct 84).....	92
Finance Minister Forecasts Economic Growth Elena Martinez; EL MERCURIO, 12 Oct 84).....	94
Government Announces Proposed 1985 Budget Figures (EL MERCURIO, 4 Oct 84).....	97
Japanese Computer Company, Asicom Form Epson-Chile (EL MERCURIO, 5 Oct 84).....	101
Briefs	
Reactions to State of Siege	102
Export Figures	102
Prices, Unemployment Climb	102
COLOMBIA	
Measures To Aid Flood Victims Described (Cadena Radial Super, 11 Nov 84).....	104
Briefs	
Cooperation Agreement With Egypt	105
Aluminum Plant Negotiation	105
Minister Lauds Reagan Victory	105
Molybdenum Copper Deposits	105
Increased Oil Production	105
Agreement With FRG	106
CUBA	
Joint Communique With Burkina Faso Published (GRANMA, 1 Oct 84).....	107
Intensive Geological Research Under Way With CEMA Assistance (Rafael Calcines; BOHEMIA, No 37, 14 Sep 84).....	114
GUATEMALA	
EGP Founder Analyzes Causes of Refugee Flow to Mexico (Rolando Moran; PROCESO, No 413, 1 Oct 84).....	117
GUYANA	
Changes in TUC Leadership Continue To Be Widely Assessed (Various sources, various dates).....	125
Course of Talks With Government	
Union Evaluations	
Church Congratulations	
Reinstatement of GMWU Officers	
Burnham at GLU Congress	
Government Response	

Anniversary Points Up Shortcomings of National Service (Editorial; CATHOLIC STANDARD, 21 Oct 84).....	131
PNC Indicates Interest in, Concern for Regions (NEW NATION, 21 Oct 84).....	133
Chandisingh Visits	
District Conference Snarl	
Annual Conference Plans	
Grenada Events Show Nation Can't Survive Internal Strife (Editorial; NEW NATION, 21 Oct 84).....	136
Briefs	
Hoyte on Religious Freedom	137
Region 10 Exodus	137
Sugar Strikes	137
Bauxite Sale	138
New Exchange Rate	138
Sugar Shortfall	138

#### JAMAICA

Economic Issues Evaluated; Seaga Affirms Government Policies (THE DAILY GLEANER, various dates).....	139
PNP Call for Change	
Duty on In-Bond Trade	
Carl Stone on Alternatives	
Seaga on Policy Stand	
PNP Support on IMF	
Currency Devaluations	
Personnel Cuts	
Criticism on Monetary Policy, by Basil Buck	
UN, ILO Project	
Capital Investment Loan	
Leaders Assess Joint Jamaican-Dominican Republic Ties (THE DAILY GLEANER, 17, 18 Oct 84).....	152
Blanco's Departure	
Exchange of Speeches	
Patriotic Movement Criticizes Manley's Speech to PNP (THE DAILY GLEANER, 17 Oct 84).....	156
Manley Comments on Paths Open to Third World Countries (Brad Glaser, A. Pasha Mechcatie; THE DAILY GLEANER, 24 Oct 84).....	158

Seaga Reports on Successes Under Agro 21 Program (THE DAILY GLEANER, 19 Oct 84).....	159
Bauxite Production Up 32 Percent in First Three Quarters (CANA, 22 Oct 84).....	163
Spaulding Comments on Rumored Shake-Up in Police Force (THE DAILY GLEANER, 26 Oct 84).....	164
Stone Poll Assesses Performance of Government Ministers (THE DAILY GLEANER, 25 Oct 84).....	166
Briefs	
Crackdown on Crime	168
MEXICO	
Wasteful PEMEX, STPRM Financial Practices Catalogued (PROCESO, various dates).....	169
'Bureaucratic Explosion'	
Remodeling Expenses	
Contracts Given Without Bids	
Slop Oil Scandal	
Reversal on Slop Oil	
Central Bank Reports 47.6-Percent Inflation Rate for Jan-Oct (NOTIMEX, 8 Nov 84).....	189
Briefs	
GDR Ambassador University Statement	190
NETHERLANDS ANTILLES	
Former Prime Minister Martina Discusses Islands' Future (Don Martina Interview; NRC HANDELSBLAD, 8 Oct 84)....	191
NICARAGUA	
Planning Minister on Difficulties of Economic Transformation (Henry Ruiz Interview; EL NUEVO DIARIO, 10-13 Oct 84).	195
PERU	
Julia on PRC Visit, Defense, Human Rights, Sendero Luminoso (Julian Julia Interview; CARETAS, 22 Oct 84).....	209
Economist Group Recommends Prioritization of Expenditures (EL COMERCIO, DOMINICAL, 14 Oct 84).....	216

Tax Workers' Strike Costing Billions of Sols Daily (EL DIARIO DE MARKA, 23 Oct 84).....	221
Garcia for Moratorium, Austerity; Against Gas Price Hike (EL DIARIO DE MARKA, 26 Oct 84).....	222
PMLN, PRT, FEDEP Seek Affiliation With United Left (EL DIARIO DE MARKA, 22 Oct 84).....	224
Strikers From Various Sectors Clash With Lima Police (EL DIARIO DE MARKA, 25 Oct 84).....	226
Briefs	
Ecuadoran Fishing Boats Fined	228
Cabinet Changes Expected	228
Nurses on Hunger Strike	228
Police Involved in Scandal	229
New INAP Head Announced	229
ST LUCIA	
Briefs	
European Investment Team	230
TRINIDAD AND TOBAGO	
Text of Robinson Address to DAC Special Congress (TRINIDAD GUARDIAN, 22-24, 26 Oct 84).....	231
Sugar Workers Union Holds 47th Annual Conference (SUNDAY EXPRESS, 21 Oct 84; EXPRESS, 22 Oct 84).....	243
Support for Panday, by Harry Partap Panday on Union Role	
TURKS AND CAICOS	
Paper Urges Government Action To Attract Investors (Editorial; TURKS & CAICOS NEWS, 18 Oct 84).....	246
URUGUAY	
Economic Plan Seen Predestined To Fail (EL PAIS, 20 Oct 84).....	247
Population Altering Habits To Cope With Socioeconomic Crisis (EL PAIS, 21 Oct 84).....	249
Real Wages Drop, Jobless Rate Up 14.66 Percent (EL PAIS, 24 Oct 84).....	252

## VENEZUELA

Finance Minister Submits 1985 Budget to Congress (EL UNIVERSAL, 10 Oct 84).....	254
Leopoldo Carnevali Discusses 1985 Budget (EL DIARIO DE CARACAS, 10 Oct 84).....	262
Decrease in Agricultural Production Causes Concern (Jesus Filardo Rodriguez; RESUMEN, 30 Sep 84).....	265
Need To Revitalize Trade in Caribbean Region Underlined (NUMERO, 7 Sep 84).....	268
Joint-Ventures Proposed, Francois Moanack Interview Transportation Problems	



INTER-AMERICAN AFFAIRS

ETCHEVERRY BONEO SKEPTICAL ON PRE-BEAGLE ACCORD

PY311645 Buenos Aires CLARIN in Spanish 28 Oct 84 pp 16, 17

[Article by General Ricardo Etcheverry Boneo, retired, of the Argentine mediation team at the Vatican from 1979 through July 1984]

[Text] In view of the popular consultation regarding the Beagle treaty, which was made public recently, I believe that the conscientious citizen who is aware of his responsibility toward the definition of the irrevocable delimitation in the southern zone will have serious difficulties in acquiring the information necessary to enlighten himself in such a short period of time. To that difficulty should be added the incomplete, if not distorted or dramatized, information being presented to him, pressuring him against the peace or war alternative, which is false and restrictive of his freedom of opinion. Peace is guaranteed by two agreements, namely, the Montevideo Agreement and the one signed in January 1984 by the current government.

In view of this situation, persons who are knowledgeable on this question are under the obligation to express their opinions, so that not only the citizenry, but also the political parties and the National Congress might be in the best position to discharge their responsibilities at the time of making their decisions.

Before going directly into the present treaty, it must be said that it is necessary to divulge the official text of the holy father's proposal of 12 December 1980, so that each one can compare it with the present treaty and draw his own conclusions. Regarding the present treaty, the following considerations should be made:

1. Regarding the preamble: It states that the 1881 treaty and "its complementary instruments" are the steadfast foundation of the relations between the two countries. It should be supposed that those complementary instruments are the 1893 Additional Protocol and the 1902 Act of Clarification. Therefore, they should have been expressly mentioned, because they are the documents that ratify that the presence of Argentina in the Atlantic Ocean and that of Chile in the Pacific Ocean represent the permanent interests of both nations. The mention of those documents is of fundamental importance since none of the articles of the present treaty recognize the Argentine interest in the recognition of the bioceanic principle and because it has accepted, under Article 9, to "rechristen" the Atlantic Ocean as the Southern Sea, to give the impression that Chile does not penetrate into the Atlantic.

2. Regarding the mechanism for future controversies: Article 23 establishes the commitment to resort to arbitration. It should be recalled that Argentina denounced the 1972 Treaty for Judicial Solution to Controversies, with the approval of the public. It was denounced because it was considered that a commitment to resort to jurisdiction or arbitration forums in case of future controversies was inappropriate for national interests. Future generations might be likely to suffer from the return to the arbitration procedure which elicits such bad memories for all the Argentines. Furthermore, this arbitration procedure, rather than offering a road to harmony between the two nations, might turn out to be the seed of future discords.

3. Regarding the maritime delimitation: Presenting the papal proposal of 12 December 1980 in the same way that the present treaty was presented, they can be compared. The main features of the 1980 papal proposal taken from the text published in 1981, the authenticity of which was never denied, are the following:

1) Referring to land jurisdictions, the 1980 proposal suggests the installation of a joint system of flight control on Nueva Island. It recommends the installation of technical stations of assistance to navigation in parts of the territory of the Evout and Barnevelt Islands. It asks that a portion of the Hornos Island be made the seat of a Chilean-Argentine joint administration center. This is to say that the 1980 papal proposal suggested the presence of Argentina on four islands which form the external land arc of the zone subject to delimitation. Politically, this represents a wall of contention against future Chilean attempts to penetrate in the Atlantic, [word indistinct] installation of the point of confluence of the Chilean and Argentine jurisdictions at the Hornos Island.

2) Regarding the maritime jurisdiction, the 1980 papal proposal sets as limits between the two countries the line bordering the 12 mile zone around the four islands previously mentioned, up to a point on the Hornos meridian located 12 miles south of Cape Horn.

The area destined to common or concerted activities lies on both sides of that division line, permitting Chilean participation in Argentine jurisdiction and grants Argentina a 6-mile wide strip along the limit of jurisdictions in the Chilean side, and on the continental shelf.

4. Conclusions made from a preliminary analysis: Chile renounces economic participation in Argentine jurisdiction with the following benefits:

It extends its penetration into the Atlantic that goes from approximately 17 miles to more than 50 miles from north to south.

This extension becomes Chilean jurisdiction, permitting that country to control maritime traffic through the Drake Passage, in the most important zone between Cape Horn and the 24 miles south of it.

It fully incorporates the continental shelf down to a depth of 200 meters, which is the only one with exploitable resources within the disputed zone.

Chile acquires full sovereignty over the 10 disputed islands the moment Argentina relinquishes the rights [presencia] that it was granted in the 1980 proposal.

It establishes the drawing of "straight base lines," by which the waters west of the four outside islands become interior waters, therefore subject to unlimited Chilean sovereignty and in which Argentina will have no freedom of navigation like it does currently, but it will be subject to an exclusive navigation course between Ushuaia and the Antarctic, away from said interior waters.

Argentina: In order to eliminate the 118,000 square kilometers, of common or agreed upon activities, Argentina negotiates the following modifications to the 1980 proposal:

Argentina relinquishes its rights [presencia] on four islands.

It agrees to grant all the useful continental shelf contained in the 10,000 square kilometers that will become an exclusive Chilean economic zone, thus relinquishing a 6-mile strip with the right to participate in the exploitation of resources on the continental shelf itself [pura] in Chilean jurisdiction.

Argentina relinquishes its rights as a coastal state [estado ribereño] in favor of Chile, mainly its rights to police in an area including the most important strategic zone.

It allows Chile a greater penetration into the Atlantic. It accepts a change in the name of the Atlantic Ocean. It agrees again to resort to arbitration in the cases of the several demarcation problems in the Andes and of the unsolved sovereignty problems in the Antarctic.

Finally: It is preferable not to confuse the several, and sometimes unusual, approaches on this issue. It must be clearly understood that this issue is not about Latin American peace, religion, integration, or economic cooperation, but it is about definite demarcation of a boundary line and of considering whether it fulfills national interests.

When an acceptable treaty is signed, all those aspects will turn out to be its consequences, not its causes.

CSO: 3348/112

INTER-AMERICAN AFFAIRS

MEXICAN SEMINAR TREATS BUSINESS DEALINGS WITH CUBA

FL081450 Mexico City NOTIMEX in Spanish 1959 GMT 7 Nov 84

[Text] Mexico City, 7 Nov (NOTIMEX)--Cuba's Foreign Trade Minister Jose Abreu [title and name as received] has said here that Cuba places high priority on the Mexican market, for its geographic location and for the ties of friendship between the two countries.

On attending a seminar called How To Do Business With Cuba, organized by the Mexican Foreign Trade Institute [IMCE], Abreu added that the Cuban Government was interested in substantially increasing its purchase of Mexican products.

He said that there was close cooperation among IMCE, the Cuban Chamber of Commerce, the Foreign Ministry, and the Cuban Embassy in Mexico in order to reactivate and strengthen bilateral trade.

Abreu called on Mexican exporters to use the financial and trade support mechanisms which exist between the two countries, especially the revolving line of credit of \$90 million between Cuba's National Bank and Mexico's National Bank of Foreign Commerce.

Enrique Ponce de Leon, chief of IMCE's foreign trade business association section, said that Mexico's exports to Cuba, during the first 6 months of 1984 were for \$39 million, compared with \$14 million during the same period in 1983.

CSO: 3248/101

## INTER-AMERICAN AFFAIRS

### BRIEFS

BARBADOS-TRINIDAD TRADE, AVIATION TALKS POSTPONED--Bridgetown, 2 Nov (CANA)--Bilateral discussions between Barbados and Trinidad and Tobago, originally scheduled to take place from November 13-15, have been put off indefinitely, a government statement said tonight. The talks were expected to center on trade and civil aviation. Quoting a spokesman for the Ministry of Trade, the statement said the postponement stemmed from difficulty in convening the meeting. The dates were not convenient to all members of the Trinidad delegation, the statement said. Last week, Barbados Foreign Minister Louis Tull said the team of officials was likely to fly to Port-of-Spain this week to initiate the talks. He hoped the meeting would have laid the groundwork for follow-up at ministerial level. The statement said Port-of-Spain had given the assurance that efforts would continue to find suitable dates. Five years ago, Barbados and Trinidad and Tobago signed a wide-ranging bilateral cooperation agreement that saw the establishment of two joint venture projects by the two Caribbean Community (Caricom) governments--Caricargo, an air freight carrier, and a 100 million dollar (U.S.) cement plant. Both companies are headquartered here. [Text] [Bridgetown CANA in English 2325 GMT 2 Nov 84 FL]

PERUVIAN MAYOR VISITS CUBA--According to reports received from Lima, Daniel Estrada, a Cuzco Department mayor, is visiting Cuba. He toured several places and met with Oscar Fernandez Mell, president of the People's Government in City of Havana Province. Estrada delivered a Cuzco Department flag, which is a symbol of authority, to Fernandez. He also gave him a Peruvian typical outfit for Fernandez Mell to give to President Fidel Castro. [Text] [Havana International Service in Quechua 2200 GMT 29 Oct 84]

CSO: 3348/120



## IGLESIAS ROUCO ON FALKLANDS, UK POLICY

PY302123 Buenos Aires LA PRENSA in Spanish 27 Oct 84 pp 1, 4

[Article by J. Iglesias Rouco: "Two 'Lines' of Thought Regarding the Malvinas"]

[Text] Both government and foreign diplomatic circles expect that the EEC member countries, including France and Italy, will continue their solidarity--either by voting or abstaining--with Great Britain at the UN General Assembly when Argentina submits its resolution on the Malvinas despite the recent negotiations that Mr. Alfonsin held in Europe and despite the fact that the Argentine resolution will overlook to a large extent the colonial situation of the Malvinas and the sovereignty issue. Although Mr. Alfonsin's administration has considerably changed the position that was previously upheld by Argentina in the hope of achieving an understanding with the British that will smooth out the harshest issues of the Malvinas conflict (the "exclusion zone," the economic sanctions in Argentina over British enterprises, and Argentina's formal state of belligerence), this European attitude should come as no surprise. In truth it would be surprising if the EEC adopts a position that for one reason or another opposes that adopted by London in the South Atlantic. In this regard, the United States is in a better position to act with greater freedom within the Atlantic bloc than European countries within the EEC. But if this is to happen, Argentina would first have to adopt an overall strategy in keeping with NATO interests--which in this region are those of the United States--but up to now there are no indications in this regard.

The policy to be adopted by West European countries regarding the Malvinas, in addition to the difficulties that will come up by the end of the year in the foreign debt renegotiation process and the serious domestic economic problems, will probably encourage even more those nationalist trends that are today being promoted by both the left and the extreme right. Moreover, it will help strengthen the many theories about the plots which Argentina has faced historically for quite some time. According to these theories, Argentina is either the permanent victim of "imperialism," "the financial establishment," "coupist," factions, "pornographic democracy," or "international Marxism." In this clash of myths and ghosts, there are very few Argentine politicians who bother to study the real situation and even less the contradictions and improvisations that characterize Argentine domestic and foreign "policies," which frequently serve the interests of one group or another and sometimes without their beneficiaries having done absolutely nothing to serve their own interests.



The numerous British envoys who recently visited Buenos Aires with the objective of investigating the mood of the government and of "opposition" politicians regarding the Malvinas had a chance to verify to what extent the motive behind certain projects and opinions is not always tied to the Malvinas issue itself--as in the Beagle case--but rather to the theory upheld by each person, each position prevailing within groups of the same trend, or objectives of a mere bureaucratic nature. As is natural, this lack of consistency and the lack of a clear foreign program supports the biased theories upheld by Mrs Thatcher about the "impossibility" of achieving an agreement with Buenos Aires, at least for the time being.

John Rettie of the BBC was in Buenos Aires a few days ago. He picked up some impressions which in essence agree with those of Foreign Office officials who are in Argentina and also with those of some diplomats who carried out some official negotiations through Brazil and Switzerland to seek a new negotiating formula similar to the one that failed in Bern in July. Rettie talked with several opposition leaders, all of whom expressed the need for Buenos Aires to establish a "modus vivendi" with London, but without initially raising the sovereignty issue, with the hope--and this is stated in Rettie's reports--that "in time" Great Britain will be forced to recognize Argentina's sovereignty over the islands. But what is most interesting is the "two completely opposed positions" that Rettie and other British envoys found within the Foreign Ministry regarding the Malvinas issue. We do not know if Rettie expressed this in the same terms, but the truth is that the memoranda that were exchanged between the members of the Foreign Office in charge of the Malvinas already noted at the beginning of this year that the most intransigent position within the Argentine Foreign Ministry is that upheld by Mrs. Elsa Kelly, while the "soft" position seems to be headed by Mr. Jorge Sabato and in particular by Mr. Jorge Romero, the secretary of the International Economic Relations Department. According to these memoranda, Mrs. Kelly rejects the idea of any bilateral contact with the British, and she bases her strategy on international pressure through resolutions issued by the (UN, the OAS, the nonaligned movement, and the World Inter-parliamentary Union, etc.), since she believes this is the only means through which Mrs. Thatcher will be forced to sit at a negotiating table.

As far as we know, the British officials believe that Mrs Kelly is truly convinced of the effectiveness of her strategy but they also suspect--like many Argentine politicians and diplomats--that with her "intransigence" Kelly is seeking to make both the government and her party "forget" about her involvement in the military administration, namely the advice she gave to Mr Camilion as director of the legal advisory office of the Foreign Ministry shortly before the meeting Camilion--foreign minister under the Viola administration--held with Lord Carrington in New York in September 1981, or her very close cooperation with Mr Costa Mendez during the 1982 war when Mrs Kelly took part in the small, select group of aides of the "iron foreign minister." In contrast to this "hard" line, the "soft" line is reportedly proposing, according to reports from the Foreign Office, the virtual unilateral lifting of the sanctions Buenos Aires has imposed on many British enterprises (not all of them, proof of which are the recent contracts signed with Shell). This is reportedly designed to create an "atmosphere" conducive to bilateral negotiations (with the assistance of Brazil and Switzerland), and primarily to pave the way for the

renegotiation of the debt which--as we mentioned earlier--does not look easy, especially concerning British banks. Romero and Sabato must have their reasons to think that mere declarations or exhortations by international organizations will not be instrumental in bringing Great Britain to the negotiating table.

The British evaluation also naturally makes reference to the complete distancing between Mrs Kelly and Mr Caputo, to Kelly's role as foreign affairs adviser to Alfonsin during the electoral campaign (she may have written the strong condemnation by Alfonsin of the U.S. invasion of Grenada), and to the support significant groups of the Radical Youth Coordinating Board might be giving to her. The British are also reportedly noting the emphasis Mrs Kelly had placed during the recent Rome talks on the Beagle on the need to clearly establish the "bio-oceanic principle," and even her opposition to certain aspects of the treaty. The guidelines of the treaty had been conceived by Mr Gobbi, with whom Kelly does not maintain good relations either. According to our sources, the British visitors and their representatives here reportedly mentioned the excellent ties Mr Sabato and Mr Romero maintain with Mr Caputo and with certain leftist advisers of the foreign minister, such as Mr O'Connell, who make up today one of the most influential sectors in Argentine foreign policy planning.

But is this a comprehensive picture, if we can call it that, of the different positions that can exist only within the government on sensitive issues such as the southern policy? We are afraid not. For instance, it is true that Mrs Kelly and her friends of the Radical Youth Coordinating Board had not viewed with enthusiasm the line in Rome on the Beagle agreement; yet it is not less true that Mrs Kelly has now become, as she herself said yesterday, one of the strongest supporters of a "yes" in the consultation [consulta]. It is also true that although Romero and Sabato have asked for more concessions to the British--the reason perhaps being that Mrs Kelly yesterday charged the British with being "intransigent"--their political supporters within the Foreign Ministry are not willing to promote an overall strategic understanding with the United States, some perhaps because of their own ideological inclinations; others merely because of their personal ambitions within the government. It is thus impossible to know what position each one will hold tomorrow or the day after tomorrow.

As though all this were not enough, from time to time certain government proposals do not seem to be intended to bring calm to either Washington or Europe about our intentions. European countries, whether Social Democratic or not, are increasingly becoming "pro-NATO." Let us just note the recent remarks by Felipe Gonzalez about Spain having to continue its NATO policy. According to reliable sources, a few days ago the Foreign Ministry reportedly cleared a contract with the Soviet Union whereby a Soviet base would be set up in Buenos Aires to provide supplies and replacements to crews of Soviet fishing ships (more than 100) which have been operating in the South Atlantic, the "exclusion zone" included. This service will be provided by a Defense Ministry enterprise. As far as we know, a special building could possibly be erected in Buenos Aires to lodge Soviet sailors and their families. Thus, this contract would entail giving residence in Argentina to hundreds or perhaps thousands of Soviet "fishermen" on a rather permanent basis.

Well, perhaps the authorities have not yet measured the significance of a step like this, or of other similar steps. Yet these have no doubt been measured both in Washington and in Europe, and at this time these actions are probably being compared with the latest "pro-West" speeches delivered in Buenos Aires, with the concessions made on the Beagle, and the memorandum submitted to the IMF last month by Mr Grinspun. And it will not be easy for these observers to find coherence in all this.

CSO: 3348/113

## PCA SECRETARY NADRA ON COMMUNIST ROLE IN GOVERNMENT

AU181533 East Berlin NEUES DEUTSCHLAND in German 18 Oct 84 p 4

[Excerpt] Fernando Nadra stressed: After the overthrow of the military dictatorship a new situation has also developed for the PCA. For the first time in 66 years it can work again legally. This also characterizes the relationship of his party with the bourgeois-democratic government of President Raul Alfonsin.

In view of the present complicated economic and political situation, the PCA consistently supports the stabilization of the economic situation, the improvement of the living condition of all strata of working people. It supports the defense and strengthening of the democratic conditions achieved in the people's struggle. The government of Raul Alfonsin that represents the very diversified movement of the Radical Civic Union (UCR) knows that the Argentine communists are prepared to participate constructively. Leading PCA representatives had made clear this attitude at an intensive exchange of views with President Raul Alfonsin and at the same time presented concrete programs for overcoming the present situation.

Concerning the foreign policy of the new government on the Rio de La Plata, it is clear that the Argentine communists support the course of the governments aimed at detente and international understanding. Fernando Nadra mentioned numerous initiatives of Raul Alfonsin, paying particular attention to the recent address of the Argentine head of state at the UN General Assembly. "We Argentine communists," he said, "have of course our own views, but we consider these concrete initiatives for international detente and for warding off the danger of a nuclear war worthy of support." He expressively approved the government policy that opposes the development of the Malvinas into a NATO base in the South Atlantic, equipped with nuclear weapons.

Concerning the government's policy for the socialist states, he said that the government has stated its great interest in developing and strengthening the manifold increased relations. Today, one can see manifold cooperation both in the international arena and in bilateral relations. Argentina's communists are in favor of a further development of this cooperation. If one, for instance, takes the many links of his country to the GDR or vice versa, one can note that they have stood the test, but that they can still be expanded in many fields.

# REPORTAGE ON PLP CONVENTION; PINDLING, HANNA RETAINED

## Election of Officers

Nassau THE TRIBUNE in English 24 Oct 84 p 1

[Article by Anthony Forbes]

[Text]

PRIME Minister Sir Lynden Pindling and former Deputy Prime Minister Arthur Hanna were re-elected Leader and Deputy Leader Tuesday afternoon during nominations at the party's 29th annual convention, ending rumours that the two would battle for the top post in the ruling PLP.

All other officers of the party were returned unopposed with the exception of Assistant Treasurer James Minns, who did not seek re-election and was succeeded by accountant Gordon P Soles; chairman Brenville Hanna, challenged once again by attorney Sean McWeeney; and Miss Peggy Francis, who will battle Miss Vicki Grant for the post of Assistant Secretary General.

According to reports, neither the Prime Minister nor Mr Hanna, who resigned October 8 at Deputy Prime Minister, Minister of Finance and Government Leader in the House of Assembly, were in the convention room when the nominations took place.

Before the nominations - in closed session - it had been

widely speculated that Mr Hanna, whose resignation was a choice between right and wrong, would challenge the Prime Minister as Party Leader.

But rumours were dispelled yesterday when Pine Dale MP Milo Butler Jr, son of the late first Bahamian Governor General Sir Milo Butler, nominated the Prime Minister for the post of Party Leader, which was seconded by Mr Benjamin Forbes from the Kemps Bay constituency.

Mr Hanna was nominated by St Barnabas MP Sinclair Outten as Deputy Leader which was seconded by Mr Robert Lightbourne of the Ann's Town constituency, which Mr Hanna represents in Parliament.

It is believed that the nominations of Mr Hanna and the Prime Minister by Mr Butler and Mr Outten was to demonstrate party unity in the face of repeated calls by the opposition for the Government's resignation in the wake of serious allegations of corruption in Government.

It is also believed that the real battle for the party's leadership might follow the report of the

Commission, which is expected to be delivered by December 31.

It had also been rumoured that Mr Outten was to have resigned his post as Chairman of Bateco and Mr Butler as Chairman of BEC at the time Mr Hanna, Agriculture Minister George Smith and Youth Minister Kendal Nottage resigned, and Tourism Minister Perry Christie and Housing Minister Hubert Ingraham were dismissed from the Cabinet.

Mr Outten has confirmed that he has resigned as Bateco chairman, but Mr Butler has recently been appointed chairman of the Gaming Board, a post Tourism Minister Perry Christie held for many years.

PLP National Chairman Brenville Hanna, who is seeking a third term in that post, will be challenged for the second straight year by lawyer Sean McWeeney, who lost out to Mr Hanna at last year's convention by 245 to 157 vote count.

Mr Hanna, an officer at the Cable Beach Casino, was nominated by Russell Franks, the PLP Grand Bahama regional chairman, and was seconded by Senator Alfred Stewart.



Mr McWeeney was nominated by Fort Charlotte MP Valentine Grimes, who last year supported Mr Hanna.

The other PLP officer to be opposed is Miss Peggy Francis, the Assistant Secretary General, who is being challenged again for the second consecutive time by Miss Vicki Grant, a professional secretary.

Mr Minns did not offer for re-election for the post of Assistant Treasurer, to which accountant Gordon P. Soles, who unsuccessfully tried to win the post for the last two years, was elected by acclamation.

Other officers returned unopposed yesterday were Irrington "Minky" Isaacs, first vice chairman; Charles Major Jr, second vice chairman; K. Neville Adderley, third vice chairman; Hassam Brown, fourth vice chairman; Percy Munnings, treasurer; and Senator Berlin D. Pratt, secretary general.

Elections for the posts of chairman and assistant secretary general will be held again in closed session Thursday afternoon.

#### Bannister Council Resignation

Nassau THE TRIBUNE in English 24 Oct 84 p 1

[Text] Everette Bannister, a close friend and confidant of Prime Minister Pindling, who was the centre of a House of Assembly report on influence peddling, has resigned from the Progressive Liberal Party Council.

The Bannister resignation, effective from September 27, was accepted at a PLP meeting on Thursday.

#### Explanation of PLP Actions

Nassau THE TRIBUNE in English 25 Oct 84 pp 1, 14

[Text]

**THE ISSUE of leadership was temporarily shelved when the 29th convention of the Progressive Liberal Party decided Tuesday to put party unity before "ideals" and returned Prime Minister Sir Lynden Pindling as party leader and Arthur Hanna as his deputy -- both unopposed.**

"There was a strong, an almost overwhelming sentiment that they did not want to fight over the leadership," said Hubert Ingraham in explaining the apparent about-face at nomination time Tuesday. Mr Ingraham, who was recently fired before he could resign

from Sir Lynden's Cabinet, said "they felt that whatever problems the party had ought to be worked out at another time and in another place. In the context of that feeling that was the proper course for the party to follow."

The course to which Mr Ingraham referred was the temporary shelving of the fight over the party's leadership and the decision to return Sir Lynden unopposed to the top position.

It is understood that as early as Monday evening Mr Hanna, the party's deputy, had made it clear - behind closed doors - that he had no intention of

opposing Sir Lynden. As the convention neared it had been predicted that the man who had resigned as deputy prime minister for "fundamental" reasons would call for the Prime Minister's resignation and seek the nomination for himself or one of his appointees.

Apparently few of the delegates believed Mr Hanna when he said he was not available for nomination as party leader. Many thought that the Hanna declaration was another political ploy to throw them off guard. An atmosphere of doubt, tension and mistrust



filled the conference room until the nominations were over Tuesday afternoon.

Predictions of an open fight between the two party leaders led to a packed convention hall - it was the best attended convention in years. Although delegates tried to keep their differences "all in the family" Attorney General Paul Adderley told The New York Times that he feared "a fratricidal war" within the party as "the Bahamas faces the most testing crisis of our times." For Mr Hanna it was a "choice between right and wrong."

Almost to the last minute, The Tribune was told, there was still a "strong movement afoot to fight" Sir Lynden for the leadership. When it was all over "the majority were relieved that there was no fight, but there were some who were disappointed." It was a tense hour of decision as 500 to 600 people packed the convention hall.

Neither Sir Lynden nor Mr Hanna were in the room to hear their names called. Although Mr Hanna had been seen in the building, no one knew where Sir Lynden was.

Mr Milo Butler, Jr. newly appointed chairman of the Gaming Board, in nominating Sir Lynden as party leader, talked of the Prime Minister's past achievements. He acknowledged that the party had problems, which would have to be dealt with at a later date. This, he implied, would be after the Commission of Inquiry had reported. The motion was seconded by the Prime Minister's "general" from South Andros, Mr Benjamin Forbes.

By contrast Mr Sinclair Outten was effusive in his praise of Mr Hanna. He also referred to the difficulties that the party had to face and said that they needed a strong number two man who could hold his own. Robert Lightbourn from Mr Hanna's Anne's Town constituency seconded that motion.

There were no further nominations. Sir Lynden was leader. Mr Hanna his deputy. The tension was defused and delegates continued their deliberations in a more relaxed atmosphere.

"But," commented a political observer today, "I don't think Sir Lynden is mistaken or fooled by what took place at the convention centre. He knows he still has a fight on his hands."

That fight is likely to come after the Commission of Inquiry report has been submitted sometime before December 31.

It is the evidence before the Commission that has created problems for the Pindling government.

Relying on his popularity with his supporters, the Prime Minister is adamant that he will not call early elections. In an interview with The New York Times, he said he had no intention of resigning, he would try "to ride out the storms."

He was quoted as saying that "the Government has time; the Government has patience."

However, the question is will the Prime Minister be able to ride out the warnings of his deputy that as a political party they cannot permit anything "to open a hole" in their "armour of integrity," because "to do so could ensure the demise of the PLP as a political and moral force in the Bahamas."

The delayed Commission of Inquiry report has given Sir Lynden the time that he asked for at Chub Cay to try to put his political house in order. It was at the "family conclave" - held in Chub Cay out of the glare of an inquisitive public - that it was decided that the question of leadership would be dealt with after the Commission of Inquiry had reported. All those attending that meeting expected the report to be presented to Governor-General Sir Gerald Cash by September 28 - well in time to be debated and dealt with at the party's 29th convention on October 22. The Chub Cay convention was held on September 7-8. On September 28 - the day the Commission's report should have been handed to the Governor - it was announced that the Commission had requested and

got an extension - to the end of t h e y e a r .

It is understood that the majority of those attending the convention - despite Mr Hanna's assurance that they had not met "to sweep dust under the carpet" - wanted to stick to the Chub Cay timetable - no decisions until after the Commission reported. And so those pushing for a leadership showdown on the convention floor backed off at the last moment.

"In politics," The Tribune was told, "timing is all important. It was found that the convention was not the right time."

However, it is understood that Mr Hanna was standing by every word in his convention speech and behind him were former Ministers Hubert Ingraham and Perry Christie.

In a statement after he was fired by the Prime Minister former Tourism Minister Christie said that "for the better part of this year, the extent to which commitment to service with integrity in public life has been eroded in the Bahamas has proven the cause for concern at every level of our society. Indeed it has gone beyond our national boundaries and brought our nation's integrity into question..."

Tuesday's convention decision might have bought time for Sir Lynden, but the grumblings continue and political integrity is still the issue.

Will "time" and "patience" smooth Sir Lynden's politically troubled waters or will his followers eventually have to arrive at the crossroads with Mr Hanna and chose between "right and wrong"?

That is a question that political observers are debating today.

## Text of Hanna Address

Nassau THE TRIBUNE in English 25 Oct 84 pp 4, 10

[Text]

**FACED** with a choice between "right and wrong," PLP deputy leader Arthur Hanna told delegates to the Progressive Liberal Party's 29th annual convention he decided to resign as Deputy Prime Minister and Minister of Finance.

Arriving at a crossroads in his life, Mr Hanna told a tense audience assembled in the Polaris Hall of the Holiday Inn Hotel Monday night, that he was forced to obey the dictates of his conscience and the guiding influence of the golden principles which the party had evolved over the past three decades; or he could have put those aside, turned a blind eye and ignored "the most blatant and damaging contravention of those principles and policies for which our party stands."

Mr Hanna also recognized that his decision would test "to the limit one of the most important relationships" of his political and private life. He and Prime Minister Sir Lynden Pindling, from whose Cabinet he had resigned, had been law students together in London in the early fifties.

Mr Hanna, having resigned, was expected to fight Sir Lynden for the party leadership. However, in private session that evening he told delegates he was not available to be recruited for the top post. Instead he was returned by acclamation as deputy leader of the party. (See story page 1).

The following is the complete text of Mr Hanna's address to delegates:

**THIRTY** years ago, a meeting took place in Nassau, in the then British Colonial Territory of the Bahama Islands. The meeting was attended by an assortment of black and brown British subjects; men from many walks of life. They were brought together by hope and idealism and met, against a

background of the unspeakable oppression of people of "colour" in their beloved homeland. They had recognised that the only route to freedom from the stranglehold which their oppressors had over them and their people was to form a political party which would have the almost far-fetched objective of eventually forming the government of the land. Thus, fellow delegates, was an ideal given life in the home of publisher, William Cartwright; which, after further meetings and discussions, gathered momentum and soon crystallised to become the Progressive Liberal Party. This was the first political party to be founded in The Bahamas. Up to then, and for quite some time thereafter, the colony of the Bahama Islands was governed by a tight clique brought together by common interest and which defended few interests but its own.

In those days, the colony was run by individuals of a common racial background, many of whom made their living as merchants and virtually controlled the wholesale and retail sections of the economy in our import dependent country. Those who are not wholesale or retail agents were engaged in making fortunes selling large tracts of our finite land resources to any foreigner with enough cash to buy.

The government of the day was run from private offices and all-too-often the lines became blurred as to what was the colony's business, or interest, and what was not. So, the founding members of the Progressive Liberal Party hit the road. They had decided that the PLP was to be a representative of the "common man", or in today's slang "a grassroots organisation." It would seek to defend and represent the interest of the people in a just and honest fashion, giving voice to

the majority of citizens of the then colony, a colony in which they had previously not dared speak. And so it came about that the PLP began its march to keep a date with destiny and eventually provide the then colony with political leadership and statesmen, where previously commission agents and land barons had run riot with affairs of state.

While this was taking place, I am certain those pioneers must have felt the need for reassurance that their just cause could succeed and that they did not struggle alone and in a vacuum. Indeed, from throughout the Caribbean they received messages of reassurance and news that similar movements were taking shape in Trinidad and Tobago, Guyana, Jamaica and Barbados. Movements which were flexing muscles and asserting the dignity of people who had been disenfranchised or worse, much worse, for generations.

These nationalist movements were in fact changing the face, and the fate, of that grand "empire upon which the sun could never set." So vast was the British Empire at that time. These movements generated howling winds of change which brought to us here in our colonial outpost, names like Nkrumah, Kenyatta, Kaunda, Bustamante, Adams, Williams and many others. Names of men who are now recognised, at home and abroad as heroes. Those who, armed with little but the courage of their convictions and the certain knowledge that right would overcome might, that faith would overcome institutionalised injustice, that no force yet marshalled on this earth is equal in power to people newly awakened by the light of a just cause, the cause of human dignity.

It was into this atmosphere I stepped when I returned home after studying in Britain.

Fellow delegates, those of you who are, like myself, born politicians will understand what I mean when I say that one could tell by the charge in the air, the newfound sense of pride and manner of dignity which was then evident in our people; that this was the true movement of destiny for The Bahamas. One had no more choice in joining the movement than one had in recognising the truth of the Gospel. I knew that this would be the nationalist movement which would guide the fate of our country and see us become a self-governing, independent sovereign and free nation. I had no choice but to commit myself to the service of this great movement, that it may achieve its destiny through whatever effort I could contribute.

Before this time, my life long friend joined the party and was later chosen to lead it and oversee the development of a platform for the 1956 general elections. Thus it was that Sir Lynden Oscar Pindling became associated with the PLP. The rest, as the saying goes, is history. The nationalist movement, under Sir Lynden's leadership, went from strength to strength and scorched its mark on the face of this country's destiny. The years since then have been marked with the sweat of struggle and the sweetness of reward, the bitterness of battle and the balm of victory. They are years in which I was happy to have lived, years during which I am proud to have been involved.

The Progressive Liberal Party went on to guarantee every Bahamian the right to vote, then the right to govern our own affairs, and finally, the right to stand free, tall and proud as a nation state. To achieve these things, our cause worked its wonders through many selfless servants of the people. Many are not with us today: Sir Milo Butler, Clarence Bain, Dame Doctor Doris Johnson, Charles Rhodrequez, Georgianna Symonette, Philip Nixon of Inagua, Egbert Hart of Cat Island, Captain Edgar Rolle of Lowe Sound, Andros, Preston Albury and many

others whose efforts may never be known but to a handful of friends and admirers. My life, indeed fellow delegates, all our lives, were enriched by the experience of working shoulder to shoulder with those brothers and sisters. While we now look back to draw inspiration from those whom we have elevated to the status of heroes, we are humbled in the realisation that none of them thought themselves above the crowd, anyone out of the ordinary. So it is when one is caught in the service of a great and just cause. For while wonders may be achieved through you, you yourself remain one of the troops, a soldier.

It was not long before the PLP's nationalist programme took on a life of its own. Equality in education, equality in housing, equality in employment, equality in opportunity. The political struggle of the late 1950's and 1960's bore fruit in the achievements of the late 1960's and 1970's. The PLP substantially expanded middle and lower income housing for Bahamians, opened up vast new avenues of employment and endeavour for legions of Bahamians, brought the Family Islands into the twentieth century, expanded our fortunes in the tourism industry a thousand-fold, removed all remaining vestiges of discrimination from our society and created a Bahamas in which all citizens had a stake regardless of creed, colour, sex or political persuasion.

Under the PLP, The Bahamas has consolidated its independence and economic stability. Today, the rest of the Caribbean regards us in awe. Our dollar, unique in the entire Caribbean, Central and Latin American Region, stands on par with the US dollar. One for one.

In fact, fellow delegates, we ended the last decade as the success story of the region. We have never had to stand in line for international aid; we have created a society so just, so sophisticated that we were able to absorb over fifteen percent of our population in immigrants on the run from their society in

search of a better way of life. We were able to do and hardly break stride. We provided today's Bahamas with reasonable quality education for every child, socialised health care for everyone, one of the highest per capita incomes in the region - a free and open society in which all could flourish to the best of their ability.

During those years of growth and achievement, fellow delegates, we all took pride in the fact that paramount among all those contributions made by our great movement, had been the fact that the PLP had elevated the business of government to the highest level. Having taken over the reins of government from a self-serving oligarchy which ran the affairs of the Bahamas without the benefit of ideals and, often, with precious little regard to principle, the PLP has been a guiding light to the people of The Bahamas, providing ideals, principles, values and policies which have served to guide and inspire our elected leaders and direct the course of affairs in The Bahamas.

Brothers and sisters, we now meet in the 29th Convention of our great party. This convention will serve to remind all Bahamians, and indeed the entire world, that ours is a stable party, one which has provided the most stable government in the history of The Bahamas. The world will be able to see at the end of this convention that The Bahamas enjoys the benefit of government by a stable and united political party, that party which led the country to become the most stable in the region and laid the foundation for the guidance and well being of future generations of Bahamians. At the end of this convention, we will have sent a message to all our countrymen that we stand firmly by the principles of democracy and that we invest our faith in the democratic process.

Well over a decade ago, as we laboured towards our independence, I said to you "there is no easy walk to freedom anywhere, and many of us will have to pass through the valley of the



shadow of death again and again before we reach the mountain top of our desires." Again tonight I commend those thoughts to you because true freedom, as real as it is, can show a tendency to seem further away the closer to it you come.

Not long ago the people of our country exercised the democratic right to select the government of their choice. Yet again they demonstrated their confidence in our great party. They will have an opportunity again in 1987 to review our stewardship.

We have worked for and engendered the democratic party process in the Bahamas and we accept, cherish and believe in it. The opposition has a role to play in this system. Its role is to oppose, criticise and put forward alternate policies and proposals in an attempt to persuade the electorate that it would be better qualified to act as the government. No reasonable citizen who has the nation's best interest at heart can suggest otherwise. By the same token, no reasonable citizen can condone the actions of an opposition which defies the codes of conduct established to protect the people's interests and commit itself to a course of lawlessness and endanger the stability and security of the nation itself.

For these reasons, I am sure, all reasonable citizens of The Bahamas were shocked to learn that the Leader of the Opposition had committed himself and his party to the obstruction of the people's business in Parliament. To have done so was to have presented the Free National Movement as a stumbling block to free speech and the process of democracy in The Bahamas.

I am not a subscriber to the view that the opposition has no real function, no meaningful duty to perform and would be free to do pretty much as it liked without significant impact on the national consciousness. The Opposition labours under similar constraints as those which guide the government. While they may promise more than they intend to deliver, they do so at the risk of straining the

public's credibility. As for the Government, its principal and most immediate function is to jealously guard our parliamentary democracy upon which rests our constitution and the law.

Over the years, fellow delegates, we have weathered many storms. We have had storms of debate and storms of intrigue. We have weathered storms within the party and storms outside. We have been able to survive them all because good and right have been on our side.

You will recall in 1975, we addressed the need for a formula which would effect and insure the quality and integrity of leadership in Government. We debated the matters of conflict of interest and declaration of assets and income. At that time, our Party Leader remarked to this convention that the air had been "rife with allegations of corruption on the part of political figures" and that those allegations although not being sufficiently specific to be defended, had the effect of calling into question the integrity of the Progressive Liberal party.

To have ducked the issue at that time, fellow delegates, would have been indefensible. The national interest demanded that we make a firm, and perhaps difficult, decision, stick with it and see it through. This we did despite a bitter debate which pitted comrades against each other right up to the House of Assembly. In the end, the principles of the Progressive Liberal Party prevailed to ensure that safeguards were in place to prevent the compromise of integrity of elected and public officials.

In that year, our Party's Leader had this to say to us as we met in Convention:-

"In any society, newly independent or not, the integrity of public officers, be they political or administrative, is an essential ingredient for the orderly and progressive development of that society. The people have a right to expect from their elected and appointed officials the utmost integrity and, in today's society, it would seem necessary that they also have

the means by which they can be reasonably assured, from time to time, that this is so."

Thus it was, in 1975, the PLP made a land mark resolution in the political life of The Bahamas, to the effect that parliamentary leaders and candidates for such office be obliged to declare publicly their assets, liabilities, incomes and private business interests; that those who failed to comply should resign; and that those who made false declarations should be liable for prosecution.

This was, perhaps, the finest example of the PLP having achieved maturity as a political movement. Guided purely by principle, the PLP was able to subjugate personal considerations and allegiances and formulate a policy which, though distasteful to some, would work most definitely in the best interest of the nation. We were able to demonstrate to the nation and to our detractors that the Progressive Liberal Party stood as a bastion of principle above which no individual could be elevated. That we were alive to the fact that while we, as individuals possessed all the frailties common to human beings, the principles for which our party stood were inviolable.

As a decade of the 1970's ended and we stepped into the 1980's, it began to become clear that the fabric of the nation which we had built was to be put to some very stringent tests. Elsewhere in the region, other nations were reeling under the various pressures of the failure of traditional crops and industries, the after effects of the fuel crisis of the 1970's, a burgeoning population growth rate, a period of global economic recession and the tensions caused by the incursion of new, and sometimes alien, political ideas into an often inflexible political framework.

In the Bahamas, we found that, thanks to the work we had done in the past decade and thanks to the degree of commitment and the purity of the ideas we had brought to that work, we were able to fare somewhat better than many other nations of similar and even greater size.

However, it is clear that the 1980's will be a testing time for the Bahamian society and the Progressive Liberal Party. Changes in social habits, cultural values and the economic pressures of other societies will eventually, by one means or another, have some effect upon life in The Bahamas. The huge appetite for narcotic drugs in the affluent United States of America and the failing cash crops in countries of the Caribbean and South America has produced a supply and demand dialect relationship which has sucked The Bahamas in, as the new and dangerous cash crops make their way to market in the USA.

The effect of new cultural values which encroach upon the growth of The Bahamas has also engendered a market for drugs within the county. From the outside and from within, our society is under seige by a debilitating pestilence which threatens to consume an entire generation of Bahamians, unless we can act now to save it from ruin.

The challenges imposed by the pressures of a growing population will test us with increasing severity as the decade wears on. So, too will the problems caused by the tendency of rural populations to drift toward the capital in search of work and a better way of life, leaving our Family Islands depleted of valuable human resources. The average age of farmers has been steadily rising in our country where, in our best interests, for the future, it should be going down.

The growing demand for housing will continue to bring great stress to bear on the social fabric and the political system. With an already rapidly growing population, we also face the prospect of illegal immigrants on the run from dire and austere conditions seeking refuge at our shores.

Fellow delegates, these represent the challenge of the 1980's which we convene to address in the coming days.

But, paramount among the challenging issues we face this week, will be the issue of leadership and the preservation

of the very ideals upon which our movement has based its progress over these many years.

Fellow delegates, I must put it to you bluntly that it is my firm conviction that on this issue will rest the question as to whether it will be the principle and policies of the Progressive Liberal Party which will chart the course of the nation through the rest of this stormy decade.

For much of 1984, this is the issue which has most usurped the public interest, exposed our party to the closest scrutiny and caused our nation the most severe embarrassment abroad. This was so to the degree that the government found it necessary to appoint a Commission of Inquiry to examine the available evidence and report on the extent to which the drug running activities of smugglers and fugitives from justice had encroached upon the integrity of the political administrative leadership and security forces of The Bahamas. The cathartic chapter in our history has yet to be closed and will, without doubt, preoccupy our minds and consciences at some future date.

However, even as that drama was unfolding to the astonishment and dismay of the Bahamian public, it started to become clear to me and a number of our colleagues that there were at stake some issues and principles so basic, so absolutely fundamental as to preclude any hesitation before seeking their resolution.

For myself, this realisation forced upon me the urgency of a decision which was to be the most painful and far-reaching of my entire career in politics. I found myself unable to escape the conclusion that I had arrived at a crossroad in my life, at which I was to be forced to obey the dictates of my conscience and the guiding influence of the golden principles which our party had evolved over the past three decades or to put those aside and, turning a blind eye, ignore the most blatant and damaging contravention of those principles and policies for which our party stands.

I recognize also that this decision I faced would test to the limit one of the most important relationships of my political and private life. I also found that I could not escape the realisation that I faced a decision, when stripped down to its basic and most objective essence, was a choice between right and wrong. So it came about that I tendered my resignation as Deputy Prime Minister and Minister of Finance on the 8th October, 1984.

My fellow PLP's, since the moment of the unwarranted attack by NBC on the Government of The Bahamas, through the traumas of the Commission of Inquiry, to which we rightly gave full and ample powers, we have subjected ourselves to full scrutiny. Many disturbing matters were selected for public scrutiny and in the final analysis, when these matters are finally laid to rest, when we have identified those who have erred in the performance of their duty, I am sure that this party will emerge as strong and pure in the gleaming brightness of the day.

This party has never lost sight of its goals and moral cause and it certainly is not about to do so now, at this crucial juncture of our nation's history.

Leaders of this party have always been conscious of the justice of the PLP cause. That is the essence of the success of the party. Our cause is just, our cause is right. We will not only endure, we shall prevail.

We will remain true to our cause and we will remain united and indivisible. We will remain united because the bonds that bind us together are greater than our differences. What I said at the party's convention in Freeport some years ago holds true today. We must resolve our differences and ill will, for ours is the great and challenging task of building the noble mansion of a free Bahamas, where all our citizens may dwell.

Let us conduct ourselves at this convention in a fashion which will inspire confidence,

not only among those of us here tonight, but in all Bahamians everywhere. We must remain united in a cause which we all know to be just and right and work for the good of the nation.

However, I take this opportunity to ensure that the Bahamian people are made fully aware that this convention is not taking place to sweep dust under the carpet, to evade painful issues and decisions and to shirk from putting to the test the severe and testing standards of conduct and principle which we have experienced in the course of our cause.

Fellow delegates, you should be aware that this could well be the most momentous convention to take place since that meeting in 1953 at which the idea was first discussed to form this great party. From this moment I want you all to be alert to the fact that as a political party we cannot permit anything to open a hole in our armour of integrity. To do so could ensure the demise of the PLP as a political and moral force in The Bahamas. To do so would be to squander, in one rash and irresponsible gesture, the work of an entire generation of political visionaries, party supporters and honest, hard working Bahamians. Be alert to the fact that when we are called to duty as members of the PLP

to err in the performance of that duty will be to condemn future generations to face life without the stability and guiding principles of the Progressive Liberal Party. In short, fellow delegates, the future of the PLP rests where it has always rested in your hands and hearts.

The decision we face must arrest, once and for all, the ravages of those who by their actions continue to embarrass the organisation, the petty and not-so-petty influence peddlers and anyone - from National General Council to grassroots - who can be shown to have compromised, or aborted, the principles for which our party is known to stand.

The nation, which entrusted its fate to our care these many years, waits now to see if we still deserve that trust. The international community is now focusing its attention upon us, to see how well we stand the truest test of nationhood. One small, but most significant, particle of the degree of respect which our party will command in time to come rests in the hands of each and everyone of us and, indeed, to an even greater extent those of us who are leaders of our Party. Now fellow delegates, fellow citizens, fellow soldiers of our cause, we begin to feel the weight of responsibility. The time approaches when we will have to face the sternest test of calibre as a political movement - the time when the very pen of history will be thrust into our hands.

New Party Chairman

Nassau THE TRIBUNE in English 26 Oct 84 p 1

[Text] Lawyer Sean McWeeney Thursday afternoon became the chairman of the ruling Progressive Liberal Party with a landslide victory in balloting in closed session over incumbent Brenville Hanna.

Mr McWeeney, a partner in the law firm of Seligman, Maynard and Company, won the chairmanship by polling 302 votes while Mr Hanna, seeking his third straight bid for the post, received 107 votes.

In the only other election yesterday, professional secretary Miss Vicki Grant became the PLP assistant secretary general, succeeding incumbent Miss Peggy



Grant, who withdrew from the race and is expected to be named a Stalwart Councillor tomorrow night at the party's installation banquet.

Mr McWeeney, who lost out to Mr Hanna last year in his first bid to capture the post, was again supported by the Prime Minister, Sir Lynden Pindling, while PLP Deputy Leader Arthur Hanna supported the incumbent.

The election was held in closed session as was the nomination of officers Tuesday afternoon.

Mr McWeeney is a former leader of Unicom, a pressure group critical of the PLP Government during the late 1960s and early 1970s.

He became an activist during the early 1970s at Queen's College where he was Head Boy and had criticized the administration of former principal Rev Neville Stewart, who later resigned.

He was also a member of the Committee Against South Africa and the defunct National Alliance of the PLP.

Mr McWeeney, who was called to the Bar in 1978, served as the PLP's National General Council representative for the Clarence Town constituency.

He is an honorary secretary of the Bahamas Bar Association and a member of the Bar Council.

The 31-year-old lawyer is married to the former Cyprianna Munnings and is the father of two daughters.

#### Adderley Attack on FNM

Nassau THE TRIBUNE in English 26 Oct 84 pp 1, 4

[Article by Anthony Forbes]

[Text]

ATTORNEY General Paul Adderley charged at the ruling PLP convention last night that the Free National Movement is "full of the criminally corrupt." He challenged Official Opposition Leader Kendal Isaacs to put his house in order.

Declaring that at the end of the day the Government will have to take responsibility for the report of the Commission of Inquiry so far as it may affect the Prime Minister and his Cabinet, Mr Adderley invited Mr Isaacs to do the same within his party.

"Mr Isaacs I invite you to put your house in order," Mr Adderley told hundreds of delegates and supporters in the Polaris Hall of the Holiday Inn Hotel on Paradise Island on the fourth night of the week-long 29th annual convention.

"Your party is full of the criminally corrupt," declared Mr Adderley, who was appointed Attorney General in 1973. "You know them, I know them and we all know them."

"I implore you Mr Isaacs, forsake them, rid your party of them. Put them out. Clean up

and wash up the dirty, filthy linen that hangs in your closet," said Mr Adderley, who was transferred from the Ministry of Foreign Affairs to Education in the October 9 Cabinet re-shuffle by the Prime Minister.

"And you know, Mr Isaacs, I'll give you a hint: start with some former PLPs whom you have taken to your bosom. They, my friend, are using you," Mr Adderley said.

"Now I will not speak of other matters of which you are aware, Mr Isaacs. The Attorney

General cannot speak publicly about those matters as if he has suspicions, those suspicions, but suspicions nevertheless involving a conspiracy to commit the most serious crime," he said.

"But I only say this to remind you that the Attorney General, at least this Attorney General does not prosecute on suspicion," he said. "It does not prosecute PLPs nor FNMs on suspicion."

Mr Adderley said that if the FNM would put its house in order, the Bahamas will be a happier place.

"But unfortunately there are things.....oh my dear good friend Sir Etienne (Dupuch, The Tribune's contributing editor)...has long since put himself beyond the reach of mortal man," Mr Adderley said.

"It is a waste of time to invite him to put his house in order," the Attorney General declared. "It has long since gone beyond redemption."

"But he needs to be reminded too that 22 years ago the sequence surrounding a payment made to him and his newspaper that another Commission of Inquiry exposed him then for what he was," Mr Adderley said.

"Every now and then the young needs to be reminded of these things he doesn't like for which this gentleman who puts himself as their guardian and protector of Bahamian morality and gives his account of his own honesty," Mr Adderley said.

"Go and therefore follow the example of the PLP Government and put the dishonest and the corrupt in the FNM, put the dishonest and the corrupt among journalists without integrity," Mr Adderley said. "Go and follow the example among ZNS that hold themselves up for public scrutiny."

"But then I said that will never happen. They will never put their houses in order," he said. "The more I talk about The Tribune...it is not only The Tribune where the cleansing broom needs to be applied among journalists and I'll say no more about that."

Mr Adderley also accused the Opposition Leader of leading a demonstration in parliament.

"That demonstration by the UBP-FNM was partly for local consumption but was also for foreign consumption as well," Mr Adderley said. "Indeed, it may have very well been principally for foreign consumption."

"And it was calculated to cause their 11 members of parliament to be expelled so they could go to the foreign press and say the Bahamian Government has put out of parliament the lawful opposition," said Mr Adderley.

"At the end of this week we would have completed what, under the circumstances, would have been a relatively successful convention," Mr Adderley said. "We will rejoice in an absolutely negative proposition. That negative proposition is that nobody broke up the PLP and did tried to do so this week."

"I don't believe anybody ever intended to do so notwithstanding the interpretation some of our enemies placed upon the significant words by my friend, the Deputy Leader," Mr Adderley said.

"At the same time while his words were not in my view divisive, they were not meant to be taken lightly or ignored nor forgotten," he said.

"Whatever might become of the report of the Commission of Inquiry, we need to be reminded that it was appointed by the Government of the Bahamas to do a particular job, which the Government, the PLP Government of the Bahamas, wished it to do," the Attorney General said.

He said that the Government was and still is absolutely convinced that it was the right thing to do in the interest of the people of the Bahamas.

## Adderley on Party Unity

Nassau THE TRIBUNE in English 26 Oct 84 p 1

[Text] Progressive Liberal Party delegates at the 29th convention at the Holiday Inn on Paradise Island were urged last night not to engage in "fratricidal" warfare against each other. They were told that their "political enemy" is the official opposition Free National Movement.

"The FNM is the political enemy that we have to face out there in the Bahamas," Attorney General and Minister of Education Paul Adderley warned. "Don't ever forget that. The FNM is your political enemy. PLPs are not your political enemies.

"PLPs have always had a fratricidal capacity to cut one another's throats from time to time when it suited their purposes and that has always been a disuniting element in the PLP," Mr Adderley said.

He said that he knows about fratricidal conflicts within the PLP and recalled the time when he was engaged in one with Prime Minister Sir Lynden Pindling, PLP Leader.

"In those days...the one thing that I could say is that we never fell out," Mr Adderley said. "He had some friends who used to say things about me and I had some friends who used to say things about him."

He said that when he looks back at it now, it doesn't make sense in an organization where people are always bound to have different opinions.

"Don't ever let them end up in fratricidal wars but remember they break up organizations," declared Mr Adderley, noting that he is not going to call any names.

He said that elections are lost in the Bahamas because PLPs fight PLPs and in those places where the party lost and won "but not by what we ought to have won, it happened because PLPs were fighting PLPs."

"And that's why I am glad that Brian Ross and NBC (the American reporter and TV station which reported the allegations of drug trafficking and corruption in the Bahamian Government) came along because it has given people an opportunity to look at themselves and realize that the unity of the Bahamas is to be found in the strength of the people who are on a united course," Mr Adderley said.

## Adderley on Pindling Support

Nassau THE TRIBUNE in English 26 Oct 84 p 1

[Article by Anthony Forbes]

[Text] Attorney General Paul Adderley disclosed last night that he was assured in New York several weeks ago of the "complete support" of the Prime Minister if he should have to make unpopular decisions on the report of the Commission of Inquiry into drug trafficking and corruption, which has sparked a crisis in Government.

The Attorney General also said he told the Prime Minister that if he found it "impossible as a matter pure personal principle" to perform the duties of his office, he would resign from it as any other person in his position would be obliged to do.

Mr Adderley, also Minister of Education, said he received Prime Minister Sir Lynden Pindling's pledge of support over the telephone while he was in New York to address the General Assembly of the United Nations in his capacity--for the last time--as Foreign Affairs Minister.

The telephone conversation between the Attorney General and the Prime Minister occurred the day before a massive Cabinet re-shuffle and streamlining was put into effect a day after three Ministers resigned and two others were dismissed in the wake of allegations of corruption before the Commission of Inquiry.

Delivering the principal address on the fourth night of the 29th annual convention of the PLP at the Holiday Inn, Paradise Island, the Attorney General told delegates and supporters that he had something to say which some of the party's friends and enemies would love "inside and out."

He said that three Mondays ago he was in New York and the Prime Minister was in Nassau. The Prime Minister called him and asked him whether he was prepared to continue to serve in his Cabinet as Attorney General.

"And I told him yes," Mr Adderley told the convention. "But I also told him that I had a problem."

"I said I needed his complete understanding and absolute support as Prime Minister and that was that in my view, sufficient evidence had been led before the Commission of Inquiry which caused me to think that I may have what might be some very unpopular decisions to take; if I had to do so, I would, without regard to political consequences to me or anybody else," he said.

"I told him that I believed the Progressive Liberal Party and our Government have a duty to the people to deal with our problem because it was our problem," Mr Adderley said.

"That if I did, I am speaking as I believe I might see it, that it is probably likely that I'd never get elected by any PLPs again and that if he did not arrest a serious breakdown of respect for law and order, the Bahamas, as we know it, would cease to exist and we would have no Bahamas," Mr Adderley said.

"That's what I said," the Attorney General said. "I wasn't surprised when he told me that I had his complete support."

"That's two thirds of the story. The other third of the story is that I've also told him and I've also to inform you that if at any time I found it impossible as a matter of pure personal principle to perform the duties of this office, I would resign from it as any person in my position would be obliged to do whether PLPs understood it or not," Mr Adderley said.

He then referred to a statement he issued last week in connection with his job in the context of the Commission of Inquiry which is to hand in its report by December 31.

He reiterated that the law of the constitution creates the method and the means by which any Government can be replaced but that there are forces of lawlessness and disorder anxious to seize political power in complete disregard for the law and the Constitution and seeks to disrupt the process of democracy.

Traditionally, under the system of justice which subscribes to the rule of law, the Office of Attorney General is responsible for the initiation of prosecution of offenders.

The Attorney General said that no political allegiance has ever benefitted any wrong doers.

"I have no intention of suggesting that principle ought to change but I do want to make it quite clear that in my view without sacrificing or appearing to sacrifice that principle, it is Government's responsibility to ensure that all aspects of the administration of justice is carried out fairly and impartially," Mr Adderley said.

#### FNM Blast at Adderley

Nassau THE TRIBUNE in English 26 Oct 84 p 1

[Text]

THE Opposition Free National Movement today accused Attorney General Paul Adderley of throwing "up a smoke screen unworthy of the office of Attorney General."

In his address to the Progressive Liberal Party convention last night Mr Adderley

challenged Opposition Leader Kendal Isaacs to put his house in order, as, he claimed, the PLP were doing. He told Mr Isaacs that his party was "full of the criminally corrupt," and invited the Opposition leader to expose them. He claimed he was speaking about "some former

PLP's" that Mr Isaacs had taken to his bosom. But, he said, as Attorney General he could not speak publicly of "those matters of which he has suspicions, grave suspicions, but suspicions nevertheless involving a conspiracy to commit the most heinous crime."



Mr Adderley said that he only made that statement "to remind you that this Attorney General does not prosecute on suspicions."

"The function of the Attorney General is to prosecute," said a statement issued today by the FNM. "Since by his own admission there is no evidence upon which to prosecute any of the leaders of the FNM, Mr Adderley should stop being a hypocrite and a character assassin. He should proceed to prosecute those PLPs against whom he does have evidence and even admissions of serious wrongdoing."

Following is the full text of the FNM statement:

"In his speech before the PLP convention last night, Minister of Education and Attorney General Paul Adderley in usual PLP fashion attempted to smear the Opposition by alleging that there are criminals in the ranks of the FNM. Typically, Mr Adderley gave no specifics and named nobody.

"The PLP and their Government are now totally discredited in the eyes of the Bahamian people and in the eyes of the international community because of the overwhelming evidence of drug related corruption which has saturated our society and undermined public confidence in Government at every level.

"At the very outset of this whole drama - September 1983 - Mr Adderley took to the public platform in passionate defence of Prime Minister L O Pindling and members of his Govern-

ment who had been accused of facilitating drug trafficking through the Bahamas.

"He did not at that time consider the public interest and pursued his own narrow political interest in defence of his colleagues. He was not then objective and his behaviour would seem to disqualify him from holding and acting in the office of Attorney General.

"Mr Adderley has himself stated a likelihood that he might have to prosecute PLPs because of the evidence given before the Royal Commission. At this late stage he now asserts that he is the guardian of public interest who is not obliged to prosecute on suspicion. Yet he seeks in the same breath to smear the Opposition on nothing but suspicion, if indeed he really does have such suspicion.

"Mr Adderley is the chief legal adviser to the Government and he was chief legal adviser to the Government during the whole period when drug trafficking became rampant through our islands. Instead of besmirching the character of FNMs he should have told his convention why he failed to protect the public from drug trafficking.

"Mr Adderley has postulated a conspiracy theory in which he has named NBC, *The Tribune*, the FNM and agencies of the American Government. In fact, he was stridently anti-American in defence of Sir Lynden and several of his Cabinet colleagues who had been accused. The conspiracy theory has since been exploded.

"Mr Adderley misled his convention when he said they have cleaned their house. Sir Lynden still desperately hangs on to the high office of Prime Minister while Mr Adderley still hangs on to the office of Attorney General and the people have been refused the opportunity of deciding the issue in a general election.

"The police have responsibility to investigate criminal activities, not the Attorney General. But not one of the leaders of the FNM has ever been called in by the police on suspicion of conspiracy to commit 'the most heinous crime.'

"Mr Adderley has thrown up a smoke screen unworthy of the office of Attorney General. The function of the Attorney General is to prosecute. Since by his own admission there is no evidence upon which to prosecute any of the leaders of the FNM, Mr Adderley should stop being a hypocrite and a character assassin. He should proceed to prosecute those PLPs against whom he does have evidence and even admissions of serious wrongdoing."

### Report on Pindling Speech

Nassau THE TRIBUNE in English 27 Oct 84 p 1

[Article by Colin Higgins]

[Text]

PRIME Minister Sir Lynden Pindling last night warned of the possible "fomenting" of industrial strife in the Bahamas by the Opposition Free National Movement (FNM).

Speaking in a full Polaris Hall at the Holiday Inn, Paradise Island to delegates of the Progressive Liberal Party's 1984 convention, Sir Lynden said: "No one can remember outside of a national election campaign

when there has been so much political activity."

"Sporadic" articles in the foreign press have "escalated into full-blown series," marches are "multiplying" and

"rumours abound."

The atmosphere has "become feverish" in the political world of the country, "the exchanges bitter and the arguments hard, very hard," the speaker asserted.

"Is all this noise in the market really changing the price of the fish?" he asked.

"No!" was the shouted response from the hundreds in the Polaris Hall.

"I don't think that it will," said Sir Lynden. "But one thing is certain. Recent events have definitely raised the price of power!"

He said that in anticipation of the report of the Commission of Inquiry, the FNM, "normally comotose between elections, has been flayed by its more militant members into signs of life.

"*The Tribune* has refined and accelerated its anti-Government rhetoric and has become fully integrated into the FNM's publicity efforts.

"Project Masters," continued Sir Lynden, "the Miami based public relations firm retained by the FNM, has been doing yeoman work for that party, particularly in America," he claimed.

(*The Miami Herald* today quoted George DePontis, head of Project Masters, as saying of the Pindling remark: "The man's paranoia is showing").

The speaker said the FNM has undertaken "some well publicised initiatives" including "its deliberate campaign of civil disobedience mounted both outside and inside the House of Assembly."

Said the speaker: "Monday past I recalled for you the spectacle of opposition politicians playing pac-man with our politics.

"FNM parliamentarians, programmed by Project Masters, playing war games with our freedom. And FNM extras, stage managed like on a movie set, making a battle ground of Bay Street and a poppy-show of Parliament!

"The international press, for whose benefit these dates were organised were dutifully invited for each curtain call and each time they dutifully came," listeners were told.

"With pens poised and cameras clicking, they waited for the sepulchre," said Sir Lynden. "On one day the telephones and the telegraphs and the teletype lines were to burn with the news of the mass arrests of hundreds of illegal marchers.

"Nothing happened," said the speaker to the laughter of his audience.

"On another occasion the headlines were to go screaming about the naming by the Speaker of the Leader of the Opposition.

"But nothing happened.

"On yet another day the television cameras were to roll on the ejection from the House of Assembly of the wives of two opposition members, but, yes, you're dead right, nothing happened."

The speaker said neither PLPs nor FNMs guessed that "we were pursuing our own strategy calculated to deflate the designs of Project Masters.

"Our strategy was simple," Sir Lynden said. "We wanted to give the FNM enough room to show how recklessly they were prepared to violate constitutionally guaranteed rights of freedom of speech.

"We wanted everyone to see how far power hungry politicians would go to destroy the democratic process of a 255-year-old Parliament! We wanted the world to witness, for as long as the FNM were prepared to show the spectacle of a desperate minority actively trying to smother the business of a Government chosen by the majority in a free and fair election."

Early in his address, the Prime Minister stated: "Etienne Dupuch does not believe that the people are real who have been requesting for me on ZNS Stevie Wonder's new song."

Sir Lynden continued: "He doesn't believe it because he does not understand."

He went on: "He can never understand because he's never been one of us! He has never been with us! He has never been for us! He does not understand the why and he has no appreciation for the how," hundreds were told.

#### Pindling on Foreign Investment

Nassau THE TRIBUNE in English 29 Oct 84 p 1

[Article by Colin Higgins]

[Text] Hundreds of Progressive Liberal Party members were told by Prime Minister Sir Lynden Pindling at the close of the PLP's 29th convention Friday night: "We must convince more of our friends from overseas that when it comes to investing, it is better in the Bahamas."

The party leader expressed the need for foreign and local investment, saying: "Our task over the next few years is absolutely clear.

"We must motivate more Bahamians to invest. We must convince more of our friends from overseas that when it comes to investing, it is better in the Bahamas. And the Government must be prepared to promote our investment potential as we promote our tourist trade."

The speaker said once an investor has been identified, "we must be prepared to lead him and guide him through the reduced network of red tape until the Government places its stamp of approval on his application.

"This we must do," said Sir Lynden. "There is no getting around it. We must and we will expand our economy and thus provide more and more jobs for our fellow Bahamians."

Sir Lynden stated: "On the economic front the challenge today is the same as it will be tomorrow. That challenge is to create an economy that will serve as the instrument of our common good, not the tool of a privileged few."

The speaker said the "unmistakable signs of social and moral decay that hold sway in our land" cannot be ignored.

"Too many of us have lost our way.

"Far too many of our youth are languishing in the clutches of hopelessness and despair. Too many of our children are bent on cruising down easy street oblivious" to nation building, the speaker said.

"Too many, far too many of our young people have lost their self respect and the strength for endurance."

The Prime Minister continued: "We have transformed our roads and parks into garbage wastelands.

"We've allowed our family structure to go haywire! We have learned how to prosper but not to be tolerant of one another, forgive each other, redeem each other." One listener called out "Amen!"

"Our greatest challenge and the ultimate test of our stewardship has to do with the way we provide opportunities for, and safeguard the interests of the common man.

"Even in these trying times," the speaker said, "we can and must hold on to ideals we have followed in the past and still mold ideas to lead us into the future.

"We can reform our welfare system so our brothers in need receive our help. And those who can work have the opportunity to do so.

"We can reform our criminal justice system that brings swift help to victims and certain punishment to their assailants.

"We can and we must keep the faith with the elderly," said Sir Lynden. "Those who built this country, by ensuring that we never turn a blind eye to their needs or a deaf ear to their cries.

"We can and we must continue our march to a more decent society of fair housing, improved sanitation and up-graded health care."

The packed Polaris Hall was told: "Our parents built in the Bahamas a small nation without equal... We have laid a foundation in democracy and prosperity as sound as anywhere else in this hemisphere.

"We have created a new Bahamian and that Bahamian burns with dignity and quiet courage."

#### FNM Evaluation

Nassau THE TRIBUNE in English 29 Oct 84 pp 1, 12

[Text]

THE prospects for the Bahamas, said a Free National Movement spokesman today, "are just as dismal this Monday as they were last Monday and will remain so as long as the PLP Government is in power."

FNM spokesman Arthur Foulkes was referring to the just completed week-long PLP Convention at which Prime Minister Sir Lynden Pindling outmanoeuvred his critics and avoided a showdown to remove him as party leader.

The emotionally-charged, tense and often heated sessions -

most of them behind closed doors - brought out more delegates and attracted more international press coverage than any previous PLP get-together. The convention opened last Monday with PLP deputy leader Arthur Hanna explaining that he had resigned from Sir Lynden's Cabinet because he had come to a cross-roads where he had to decide between right and wrong.

Mr Hanna's decision came in the wake of damaging evidence and admissions before a Commission of Inquiry, appointed

last year to investigate allegations of Bahamas-based drug running and payoffs to government officials. There were also allegations against Sir Lynden, which he denied. However, during the course of the hearings there was evidence that Sir Lynden had failed to disclose - as required under the disclosure act - the payment to him of certain monies. There was also evidence of a payment to the Prime Minister of \$339,979.61 from Everette Bannister's \$580,000.00 "finder's fee" on the sale of Paradise Island Bridge.



"Paramount among the challenging issues," faced by the party in convention, "will be the issue of leadership and the preservation of the very ideals" upon which the PLP has based its progress over the past years, Mr Hanna told fellow delegates. He said that the decisions party members faced must "arrest, once and for all, the ravages of those who by their actions continue to embarrass the organization, the petty and not-so-petty influence peddlers and anyone - from National General Council to grassroots - who can be shown to have compromised, or aborted, the principles for which our party is known to stand."

But faced with a convention that wanted no decisions made about party leadership until after the Commission of Inquiry had handed in its report - due by December 31 - Mr Hanna made it clear that he would not fight for the top party post. Having made that decision, Sir Lynden was returned unopposed as party leader with Mr Hanna as his deputy.

The convention ended with Sir Lynden admitting that the PLP was emerging from one of its "most critical and hard fought battles," but concluding that he knew his followers loved him, as he loved them.

Today Mr Foulkes recalled a statement in 1974 by Minister of Works Loftus Roker who said that corruption was rocking the PLP to its very foundation. "Now, 10 years later," said Mr Foulkes, "they go into Convention with the biggest scandal in the history of the Bahamas

hanging over them.

"So what do they do?" asked Mr Foulkes. "Absolutely nothing. They have come out of it just as corrupt as they went in.

"Not a word about the sale of the bridge and the split of the 'finder's fee.' Not a word about the millions in gifts and 'forgiven' loans collected by their Leader. Not a word about the disclosure laws and the bribery laws.

"They have come out," said Mr Foulkes, "just as dirty as they went in. If Mr Roker were to speak the truth about the progress of PLP corruption in 1984 he would have to say that corruption is not only rocking its foundation but the floors, the walls, the rafters and the roof!

"The one clear fact which has emerged from the get-together," said Mr Foulkes, "is that Lynden Pindling is firmly in control of the party's administrative machinery. The election of Sean McWeeney as chairman and Vicki Grant as assistant secretary general consolidates the Pindling-Maynard grip on the party at all levels. As Mr McWeeney gloated: 'It shows who is in control of the party.'

"Messrs Hanna, Ingraham and Christie (the latter two were fired from the Cabinet by Sir Lynden before they could follow Mr Hanna and resign) will either have to go back to the Maximum Leader with their tails between their legs or be made victims of another Pindling purge.



# GOVERNMENT'S COMMITMENT TO LOCAL GOVERNMENT EXAMINED

Nassau THE TRIBUNE in English 3 Nov 84 pp 1, 11

[Article by Athena Damianos]

[Text]

TRANSPORT Minister Philip Bethel told The Tribune Thursday that local government "is high on our priority list." Mr Bethel, who assumed responsibility for local government October 8, did not elaborate.

However, whether local government will be implemented is still a big question mark in the minds of the people, particularly in the Family Islands. The matter has been studied for at least 15 years. So far it has only received lip service in Parliament.

A renewed cry went up for the implementation of some form of local government over the past week. Anglican Bishop Michael Eldon said Monday that local government could only assist in the development of out island communities.

"It is disappointing and distressing that this measure, which has been talked about and studied for some time, makes no progress. It is a matter that cannot be further delayed," Bishop Eldon said at the 85th session of the Anglican Synod.

While the lack of action in implementing local government may baffle some, there is a growing opinion that the Pindling Cabinet is reluctant to allow Family Islanders more control over the development of their own communities.

There seems to be little excuse that in 1984, residents of the more developed Family Islands,

including Grand Bahama, have to travel to Nassau to obtain a passport or police certificate.

The system under which Family Islands are governed is archaic. The Department of Local Government in the Ministry of Transport is the agency charged with Family Island Administration and Development. The Department is represented by Family Island Commissioners presiding over 20 districts.

The role of the Commissioner is to represent the Government within a district, except in the case where a Department or Ministry has its own representative.

The Commissioner wears many hats. He is an ex-officio Magistrate, Justice of the Peace and Notary Public. The Commission is responsible to the Treasury for the collection of revenue in his district and the disbursement of Government funds. He is an ex-officio district postmaster. Unfortunately, the Commissioners often don't receive funds from the Treasury on time and people, such as farmers, who sell to the Produce Exchange, sometimes go for months without being paid.

The Commissioner also acts as a licensing authority, although his decision must be confirmed by the New Providence Licensing Authority.

Local Boards of Works are responsible for the upkeep of settlements, roads, parks, burial

grounds, minor water supplies, government buildings, harbours, garbage collection, and the like.

Communities also have their own Town Planning Committees. However, certain major construction - where the floor area exceeds 1,200 sq feet and commercial buildings must be referred to the Nassau Committee.

"One of the major problems will be deciding what will be the best system to set up," Newton McDonald, director of Local Government said. A former Commissioner himself, Mr McDonald supports the idea of some form of local government.

Mr McDonald pointed out that each island settlement is different, and the type of local government that is good for Grand Bahama will not necessarily suit Acklins. He feels that three islands are ready for local government at the moment - Grand Bahama, Marsh Harbour, Eleuthera, and possibly George Town, Exuma.

He would like to see local government spread to the other islands in the future.

"One of the major concerns to emerge from the Census was

that the majority of the islands had suffered a loss in their population," Mr McDonald told a recent Family Island Health Services Workshop.

For instance, the population of Acklins has dropped by 34.19 per cent; Ragged Island, 29.81 per cent; Crooked Island, 24.96 per cent, Mayaguana, 18.49 per cent and Inagua, 15.33 per cent.

It is generally felt that one of the advantages of local government would be to encourage young people to stay at their island homes, where residents will be able to shape the development of their own communities.

Mr McDonald feels the next step towards implementing local government would be for government to issue a White Paper on the matter.

In April, 1983, the Opposition moved a resolution in Parliament to investigate the feasibility of establishing local government for Grand Bahama. Government members would not support the Resolution. Instead they voted to send the Resolution to a select committee for further "exhaustive" consideration. There the matters appears to have died.

PLP TOLD AIRPORT RADAR SYSTEM NEAR COMPLETION

Nassau THE TRIBUNE in English 25 Oct 84 p 1

[Article by Anthony Forbes]

[Text]

TRANSPORT and Local Government Minister Philip Bethel, replying to criticism of the lack of radar surveillance, told the PLP convention Wednesday that the long-awaited project is in its final stages and the radar system "will soon" be operational at Nassau International Airport.

The Governor's Harbour MP also disclosed that work has begun on a three-year development programme for the airport to meet the projected needs of the country for the next 15 to 20 years at a cost of between \$15 and \$20 million.

In his address on the third night of the 29th annual convention of the PLP at the Polaris Hall of the Holiday Inn Hotel on Paradise Island, Mr Bethel reported that his ministry, which took on the Local Government portfolio on October 9, is in "good health" and "functioning well."

"As promised at last year's convention, work has begun at Nassau International Airport," the Minister said. "This development will be phased over a three-year period and when completed will meet the projected needs of the country for the next 15 to 20 years. The total cost of these works will be in the region of \$15 to \$20 million.

"Although we have been criticized for the lack of radar

surveillance, I wish to report that work on this project is in its final stages and radar will soon be operational at Nassau International Airport," Mr Bethel said.

"This will greatly improve the safety of aircraft utilizing Bahamian air space and would improve and provide better control," the Minister added.

According to Mr Bethel, in the area of international ship registration, the Bahamas is continuing to make its presence felt.

"Great success in this field has been achieved despite the fact that during the entire eight years of our flag policy, Bahamian shipping have been in the doldrums with the situation seemingly getting worse rather than better," he said.

"However, our ship registration venture is succeeding as we have already reached and surpassed goals set in recent times," he said.

So far this year 53 ships have been registered on an average of one a week, totalling 1,050,604 gross tons, an increase over last year's figures.

He said that the ground transportation industry has been given an added boost with the issuing of 200 new taxi plates allotted for New Providence and Grand Bahama Island.

"Steps will be taken to improve and organize the

system of public transportation in New Providence," he said.

The Minister also declared that Bahamian postal service is still one of the best in the region and new methods to further improve this service will be implemented in the very near future.

Mr Bethel said that he was "more than pleased" to report that our inter-island mailboat freight and mail services are doing well and the ministry will continue to see to it that every Family Island in the future receives services on a weekly basis.

"We are conscious of the poor state of many of the docks and piers in the Family of Islands," he said. "The Government has sought the assistance of the Inter-American Development Bank in order to carry out repairs to and construct new docks in our Family Islands."

He said that a qualified consultant, Mr Earl Hacker, has already begun the studies and has visited and seen the conditions of docks in the Family Islands. Repair to all of these facilities will have to be carried out in the future.

According to the Minister, the competent staff at the Meteorological Department continues to carry out their functions in a most professional manner, keeping the country up

to date on all of the weather conditions.

Business at the Port Department, he said, goes on as usual.

"We should all be aware by now that the Port of Nassau is one of the busiest in the region," he declared. "Our cruise ship arrivals have surpassed our expectations."

"Some week days we actually run out of vacant space. Cruise arrival projections for the Bahamas for 1984 is in excess of one million bodies, we will have to face the challenge of meeting by extending port facilities in New Providence and, of course, some of the Family Islands," Mr Bethel said.

Noting that during the recent Cabinet shuffle, the Prime Minister gave him responsibility for Family Island Affairs (Local Government), Mr Bethel said that as a Family Islander himself, he feels and sees the needs of his brothers and sisters in the far-flung islands.

"And I wish to assure them that your Government is aware of your needs and will spare no effort in seeing that they are fulfilled in the shortest time possible," he said.

With regard to Local Government, Mr Bethel said the time is fast approaching or has perhaps arrived "when in some form, steps will have to be taken to allow the peoples of the Family Islands to have a stronger voice in the affairs of their various communities.

"I will make an attempt to visit every Family Island and to meet with as many of you as possible so we can get to know each other better and discuss your problems on a personal basis," Mr Bethel said.

"Fellow delegates, I still believe that the future of this country from a development point of view, rests largely in our serene Family Islands," Mr Bethel said. "I believe that with careful planning and orderly development, which must begin soon, we can be a model for other archipelagic nations."

## SWAN REACTS TO ARTICLE CLAIMING ISLAND IS PAWN OF U.S.

Hamilton THE ROYAL GAZETTE in English 22 Oct 84 p 1

[Text]

Premier the Hon. John Swan last night said he would be seeking answers from both Britain and the United States after a newspaper magazine article claimed Bermuda was being used as a military pawn by the Pentagon.

The six-page story, published in yesterday's edition of *The Sunday Times Magazine*, was written by British journalist Simon Winchester.

It said despite being a British colony, Bermuda was really being run by the Americans.

The article claimed the US Naval Air Station was being used as a base for "most secret" FQ-4 planes, which are capable of ordering the launching of missiles from America's strategic nuclear submarines.

It claimed the Base was the site of "mysterious underground facilities and weapons bunkers".

It said Bermuda's Governor, Viscount Dunrossil, was "ordered" to come to Bermuda by Washington to "sort out the mess" here and ensure the Island remained a "stable, democratic, Allied" country.

Mr. Swan, who was tipped off about the article yesterday morning by a friend in London, personally queued for a copy of the magazine at the Collector's Hill Apothecary last night.

And after reading the story, he admitted he was troubled.

"There are some factual inaccuracies," he said.

"But I think the article raises more questions than it answers — with respect to the activity at the Base, the arms supplies at the Base, the aircraft there, and the British and the American Government's attitudes towards the colony.

"It raises questions that the Bermudian public are interested in, and it poses questions that need to be answered.

"Obviously I will be asking the British and the Americans to comment on this.

"If we are playing a role that places us in jeopardy, we have the right to know about it."

Mr. Swan said he could not imagine how Mr. Winchester could have described Bermudians as "politically emasculated".

"The political order for Bermuda operates on democracy, and democracy operates on the will of the majority," he said.

"When that will dictates that there should be a change in the existing order, then there will be one."

Nor, he said, could he believe the article's claims about Viscount Dunrossil.

"If it is true, it is certainly news to me. I find the whole matter very strange."

Also curious, he said, was the fact that the only Bermudian quoted in the article was Bermuda Industrial Union president Mr. Ottiwell Simmons.

Meanwhile Bermuda's Governor was last night also apparently scrambling to get a copy of the controversial article.

Government House spokesman Miss Juliet Lambert said Viscount Dunrossil had not yet seen — or even heard of the story, as he had spent most of the afternoon at National Stadium, attending a Boy Scouts jamboree.

And US Naval Air Station commander, Captain Donald Gentry, was last night also unavailable for comment.

[Editor's Note: In this same issue, pages 1 and 2, the paper carries a rather detailed report, with many quoted passages, on the article in the 21 October N.Y. TIMES MAGAZINE.]



## DISARRAY IN PLP CONTINUES; LEADERS VIE FOR POWER

## Analysis of Rebellion

Hamilton THE ROYAL GAZETTE in English 3 Oct 84 p 2

[Text]

The PLP's suspension of four MPs and two other Party members has not put an end to the rebellion which has rocked the Opposition for the past three months.

The six men remain as committed as ever to their cause — to topple Mrs. Lois Browne Evans from the Party pinnacle and instal a new leader who they believe can take the Opposition to Government.

The fact that Mrs. Browne Evans and her supporters are equally determined to hang on to the reins of power leaves the Progressive Labour Party in a state of disarray, recovery from which will almost certainly be long and painful.

But, with most of the shouting over for the time-being, both warring factions are now looking to — and working towards — this month's annual delegates' conference to provide the beginning of an end to the inter-Party dispute.

The Party leadership will ask the conference to decide whether the dissidents should be expelled from the Party, further suspended or taken back into the fold.

The rebels themselves believe that the Opposition

Leader is determined to have her "pound of flesh" and will move to have them "excommunicated" from the Party.

While expulsion might afford the Party leadership a sense of victory, if not revenge, it could not however be seen as a win for the Party itself.

For, although Mrs. Browne Evans has made it clear that she would expect the MPs to resign their seats in the House of Assembly if they were thrown out of the Party, the dissidents are unequivocal that they would not play along.

They have said that they would continue to sit in Parliament, representing the people who elected them as independent members instead of under the PLP banner.

If this scenario were to prove true, the Opposition Leader would be left in the unenviable position of having only ten Members of Parliament on her team, compared to the Government's 26, with the four expelled MPs sitting on the crossbenches, free of any party whip and ready and able to score points.

Mrs. Browne Evans' frontbenches would be severely weakened by the loss of Shadow Ministers Mr. Walter Brangman and Mr. Lionel Simmons, both of whom have been strong performers on the floor of the House.

And with all her other MPs already holding shadow portfolios, finding someone to replace Mr. Gilbert Darrell as Party Whip would also stretch the resources available.

If the conference decides against expulsion but for an extension of the suspensions, while the punishment might be different, the consequences on the Opposition's effectiveness would remain the same.

The conference could decide that the suspension already imposed on the rebels is sufficient punishment and that the membership ban should be lifted and the chastised members readmitted to the Party.

But such a decision is extremely unlikely to prove palatable to either the leadership or those who seek to change it.

The dissidents, having shown their hand publicly,

would not be prepared to push aside the concerns which first prompted their assault on the leadership and humbly accept forgiveness for actions which they do not regret.

And Mrs. Browne Evans is not likely to take kindly to a situation which would mean some personal loss of face, as well as a caucus riddled with self-confessed malcontents.

The rebels say that the question of if and how they should be dealt with is merely incidental to the real issue which should be put to the conference — whether the Party is satisfied with its leaders.

They maintain that the present PLP leadership has shown itself incapable of taking the Party to victory at the polls; that it fails to acknowledge or attract the vital swinging percentage of voters essential to an election win.

For them, the only satisfactory solution to the dispute would be the replacement of the Party Leader with one sympathetic to their views — perhaps Mr. Darrell or Mr. Brangman.

Meanwhile, the leadership believes that the dissidents themselves are symptomatic of the Party's lack of appeal in some quarters of the community which, they say, resent the PLP moving towards the "black elite" and business interests.

What they seek is to reassert the Party's commitment to the working people, to reinforce Mrs. Browne Evans' leadership and to rid the Party of divisive voices.

To the uninitiated, the answer would appear to be a show of hands — a vote on whether the Party wants the leader or the dissidents to go.

But the two sides even disagree about who elects the leader.

Mrs. Browne Evans states that she would not resign even if she no longer had the majority support of the Parliamentary group because the PLP Constitution requires the leader to be chosen by a joint meeting of branch delegates and the Opposition caucus.

The rebels say that according to the higher order, the Bermuda Constitution, the Opposition Leader is appointed by the Governor as the person who commands the support of the majority of members of the same party in the House of Assembly.

Mrs. Browne Evans would deny that she fears putting her support to the test. The Party rule-book states that the leader is elected within 72 hours of a general election, and the leadership is sticking to the letter of that law.

Having failed to get the caucus to move as one against Mrs. Browne Evans, the dissidents are now working to lobby delegates to this month's conference to address the leadership issue, regardless of what the rule-book says.

And it is quite possible that the leadership knows and accepts that a conference show-down is unavoidable.

Thus, at least temporarily, the Opposition dissension has retreated underground to allow the bargaining to take place.

Both sides know that the next few weeks must be devoted to consolidating their respective positions for the conference vote.

While the public debate goes into abeyance, the numbers game begins.

## Smith's Parish Action

Hamilton THE ROYAL GAZETTE in English 10 Oct 84 p 5

[Text]

Despite the objections of the PLP Smith's branch, Dr. Clark Godwin is still a member of the Central Committee, party chairman Mr. Alex Scott said yesterday.

Mr. Scott said the Central Committee had received a message from Smith's branch at its meeting on Monday night and the contents had been discussed.

It is believed that the message communicated the branch's objections to Dr. Godwin continuing to

represent Smith's party members on the Central Committee.

The branch is known to be upset that Dr. Godwin failed to follow members' instructions to vote against the Central Committee's suspension of the six PLP dissidents.

It is understood that at a meeting last week, the branch moved to sack Dr. Godwin as its representative on the party's Central Committee power-base.

Mr. Scott declined to reveal the contents of the letter received by the Central Committee or details of the discussion it provoked.

He said it was, however, planned that he should meet with representatives of the branch to explain the Central Committee's views and to obtain a better understanding of Smith's concerns.

In the meantime, he said, Dr. Godwin remained a member of the Central Committee.

## Secretary General's Resignation

Hamilton THE ROYAL GAZETTE in English 12 Oct 84 pp 1, 2

[Excerpts]

PLP secretary general Mrs. Lovette Brangman has resigned after eight years in the post, citing disapproval of the Party's present management as one reason for her decision.

Mrs. Brangman — wife of PLP dissident MP Mr. Walter Brangman — said she believed the PLP's current administration under Party chairman Mr. Alex Scott was not accomplishing much as a group.

On the issue of the Opposition leadership dispute, Mrs. Brangman used the analogy of a cricket match, with the UBP being the batsmen and the PLP in the field.

"We need to look at ourselves and see whether we need to change our bowlers to win the match — to win government of the Country," she said.

Meanwhile, as Mrs. Brangman confirmed her resignation yesterday, the Party was still enmeshed in a row over whether Dr. Clark

Godwin should continue to serve as the Smith's Parish branch representative on Central Committee.

Mr. Cecil Durham, chairman of Smith's Parish branch, said his members were determined to defend their position that Dr. Godwin should be removed from the job.

Mrs. Brangman told *The Royal Gazette* yesterday that she had quit her position as Party secretary general on October 1.

She had given notice several months ago that she planned to stand down after the PLP's annual conference at the end of this month, a decision for which the reasons were manifold.

But her disapproval of the present management of the Party had caused her to bring forward her resignation date.

Mrs. Brangman said that the Central Committee's decision to suspend the dissidents from the Party had contributed to her accelerated departure from the job.

"Under the present administration, I did not feel that we were accomplishing much as a group," she said.

Asked for her views on the leadership issue, Mrs. Brangman said that she believed that change was an ever constant element, and if people were not prepared to accept change of any kind, they were not prepared to live a complete life.

Mr. Scott said that he would be meeting with representatives of Smith's Parish branch on the dispute concerning Dr. Godwin when Mr. Durham returned from a trip overseas.

The Party chairman said that Dr. Godwin had abstained from voting on the suspension issue as a matter of "conscience" which he was entitled to do under the Party constitution.

Mr. Durham said that the branch was very upset that Dr. Godwin had failed to carry out members' instructions to vote against the dissidents' suspension and would stand by its decision that he should no longer represent the parish on the Central Committee.

## Banquet Notice Foulup

Hamilton THE ROYAL GAZETTE in English 12 Oct 84 p 2

[Excerpt]

It is not proving to be a particularly good year for the PLP — and yesterday was no exception.

The Party has been hitting the headlines often enough, and stories of suspensions, resignations and rows are not the kind of political publicity a party likes to attract.

But yesterday promised to hold something different, as PLP chairman Mr. Alex Scott announced some potentially good news.

Mr. Scott put out a Press release to announce that Ms. Patricia Hewitt, Press Secretary to Britain's Labour Party leader Mr. Neil Kinnock, would be guest speaker at the Party's annual banquet.

Ms. Hewitt, a prominent member of the Labour Party, is undoubtedly a major drawcard for the banquet — and that was the good news.

The bad news was that the British Labour leader is referred to twice in the same release as Mr. Neil Kinnock, and the statement neglected to say when the banquet was to be held.

CSO: 3298/136

## UNION DISPUTE WITH BBC CONTINUES; JOBS ISSUE FESTERS

### Allegation Against BBC

Hamilton THE ROYAL GAZETTE in English 3 Oct 84 pp 1, 8

[Excerpt] The Bermuda Broadcasting Company "engineered" the closure of the Island's two television stations five months ago to "get rid" of unionised staff, the Bermuda Industrial Union has charged.

In a toughly-worded statement released yesterday by BIU general secretary Ms. Molly Burgess centred on a BBC announcement that it will start limited television programming October 28.

"The announcement...comes as no surprise to the Bermuda Industrial Union," Ms. Burgess said in her statement.

"We have been aware, all along, that the closure of the two television stations was specifically engineered to get rid of the union."

The BBC proposal to offer five-and-a-half hours a night of syndicated and network entertainment programming, her statement added, "will not provide jobs for skilled television personnel presently out of work" and will subject the Bermudian public to "limited viewing hours and a diet of purely American entertainment and views."

Ms. Burgess reiterated the BIU's call for Industry and Technology Minister Dr. John Stubbs to reconsider its request to operate a radio and television station.

"This could, at least, provide programmes of local and cultural interest and programmes for our children," the statement said.

### License Request Denial

Hamilton THE WORKERS VOICE in English 28 Sep 84 pp 1, 5

[Text] When the Bermuda Industrial Union met with the Minister of Industry and Technology (Dr. John Stubbs) recently to discuss the possibility of the union obtaining a broadcasting license, Dr. Stubbs did not "beat about the bush." His answer was a resounding "no"!



Following the Minister's revelation that there was no precedence for a trade union or political party operating a broadcasting facility, he said that he could not issue a license.

The union representatives had made it clear that the BIU would simply initiate and coordinate the establishment of a radio station and television channel, but the management of it would be left to people who had the expertise in broadcasting.

Earlier, the Minister said that he had mentioned the union's request to a group of telecommunications people, and the idea "fell like a lead balloon!" This reaction, coupled with one or two other opinions, suggested to the Minister that it would be a political mistake to issue a license to the union.

Dr. Stubbs did say, however, that if the BIU was willing to open ownership of such a facility to a broad section of the community, he might consider giving the license. He was still hesitant when this assurance was given.

What makes the Minister's opinion that there was no precedence for a trade union or political party to operate a broadcasting station so farcical is the fact that the Bermuda Broadcasting Company's managing director is a politician (UBP) and four of its directors were members of the United Bermuda Party!

We believe that this is a clear case of double standards.

#### BIU Appeal to Rights Commission

Hamilton THE WORKERS VOICE in English 28 Sep 84 p 1

[Text]

The Bermuda Industrial Union, on behalf of its members who are former employees of the Bermuda Broadcasting Company (BBC), has made representation to the Human Rights Commission to have BBC investigated for gross discriminatory practices. Appearing before a Commission panel that included Mr. Albert Jackson (Chairman), Mrs. Cynthia Saltus, Dr. Yvette Swan and Mr. Charles Marshall, a union delegation of 20 people put its case last Friday.

The union is claiming that the management of BBC has contravened the Human Rights Act, 1982. Out of a total of 46 people who were made redundant, 43 were union members (three were not), 42 were black (four white) and 23 were male. On the other hand, out of the 21 employees kept on, 11 were union members (10 were not), 15 black (six white) and eight were male. (See table below). It is the union's contention that the company got rid of union members who are black and transferred whites to positions that were formerly held by those blacks. One example of this blatant act of discrimination is the case of Leighton Rochester and Sean Dill. Rochester (black) was a ZFB Radio newsman who was made redundant. The company then moved Dill (white) from ZFB-TV into the job formerly held by Rochester, who has more experience, more seniority and had more training. Dill's job should have been made redundant! Another example is the redundancy of Keevil (The Captain) Burgess: The job that Burgess was doing is still in existence, but is now being done by various white announcers. These are just two examples — there are more.

It is believed that this is the first time that the Human Rights Commission has had to investigate a case of such magnitude and its statutory duties are sure to be challenged. The case is unique for several reasons: Firstly, the Government Minister who piloted the Human Rights Act through the House of Assembly is one of the largest single shareholders of the company that has been accused. Secondly, the Commission does not have a full-time investigator to assist in the enquiries; and thirdly, the individuals who sit on the Commission will be hampered in their work because they are fully occupied in other gainful employment.

In the meantime, the union will be waiting to hear from the Commission.

**TABLE I: DISTRIBUTION OF EMPLOYEES OF BBC BY REDUNDANCY STATUS, UNION STATUS, RACE AND SEX**

Redundancy Status	Total Staff	Black Staff		Union Staff		Male Staff	
		No.	%	No.	%	No.	%
Redundant Staff	46	42	91	43	93	23	50
Employed Staff	21	15	71	11	52	8	38
ALL STAFF	67	57	84	54	81	31	46

---

	Total Staff	White Staff		Non-Union		Female Staff	
		No.	%	No.	%	No.	%
Redundant Staff	46	4	9	3	7	23	50
Employed Staff	21	6	29	10	48	13	62
ALL STAFF	67	10	15	13	19	36	54

**TABLE II: COMPARISONS OF EMPLOYED AND REDUNDANT STAFF AT THE BBC FOLLOWING THE FINAL REDUNDANCY DECISIONS JULY 1984**

Characteristics of Staff	Redundant Staff		Employed Staff	
	No.	%	No.	%
Union Staff	43	93	11	52
Non-Union Staff	3	7	10	48
Black Staff	42	91	15	71
White Staff	4	9	6	29
Male Staff	23	50	8	38
Female Staff	23	50	13	62

### Criticism of Commission

Hamilton THE ROYAL GAZETTE in English 23 Oct 84 p 1

[Text]

Bermuda Industrial Union president Mr. Ottiwell Simmons MP last night said he was "disgusted" with the present method of dealing with grievances through the Human Rights Commission.

On July 25 the Union filed a complaint with the Commission against the Bermuda Broadcasting Company.

The BIU alleged the company had discriminated against union members, and that it had engineered the closure of the Island's two television stations earlier this year to get rid of unionised staff.

Since then, Mr. Simmons said he had had little satisfaction from the Commission.

"I have met with them several times, had one appearance and another several representations before the head of the Human Rights Commission, Mr. Albert Jackson, and four other Commission representatives — out of I think a possible total of twelve."

"I am a bit frustrated over the whole situation," he said.

"We have made our complaint, and we have seen no sign of any investigation, no sign of any inquiry."

Mr. Simmons said he was at this point still getting phone calls from the commission requesting more information on the complaint.

"They have piles of information from us, piles of it," he said.

"The evidence is quite clear that the BBC has discriminated against our members because of their membership, because of their political association and because of their colour."

"We have made that complaint very clear to the Commission and nothing has been done to address it. As far as I'm concerned, if that is the way the Commission works, the law is just there — it has no meaning."

Executive officer of the Commission, Mrs. Cynthia Saltus, said that in spite of Mr. Simmons's accusations, her organisation was still pressing on with the investigation.

"Mr. Simmons has made similar allegations to us before — and we stood our ground on that," she said. "Not only do they (the BIU) have certain rights, but the respondents also have cer-

tain rights. In order to ensure that that happens — that both parties have a fair deal — we have to stick to our procedures."

Mrs. Saltus said that in the BIU case, as in any other, the Union had first to make a statement, then sign that statement, and finally present some grounds or evidence to support their case.

"Once those three matters are in hand, we are obliged, within a reasonable period of time, to carry out an investigation," she said. "This is how we have been operating with the Bermuda Industrial Union."

The Commission officer said the BIU investigation was "far from being ground to a halt".

"We have said before that from the time the BIU first came to the Commission, we have considered this to be a priority case," she said.

But Mr. Simmons said he feared that if the commission did not speed up its work, Government belt-tightening could hold the investigation up even longer.

"I am very disgusted over the inactivity, and this means of settling grievances," he said.

### Government Policy on Hotel Jobs

Hamilton THE ROYAL GAZETTE in English 8 Oct 84 pp 1, 5

[Excerpts]

Tourism Minister the Hon. Irving Pearman has warned that Government will not step in to prevent two major hotels from closing down for lengthy renovations — although hundreds of workers could be out of work for months.

His stern warning comes as plans for costly face-lifts are being drawn up for two East End hotels which could leave nearly 500 staff without jobs for several months.

The owners of the Castle Harbour Hotel are preparing a \$22 million renovation scheme, including building 100 new rooms, beach club, golf club house and convention facilities which will close its doors for up to 18 months.

Club Med's take-over scheme for the Loews Bermuda Beach Hotel includes a six-month shut-down from the end of November for improvement work and 300 workers have already been told their jobs could go.

The Minister told a Hamilton Kiwanis Club banquet this weekend: "While I am sympathetic to workers and their families who may temporarily lose their jobs while some of our unsuccessful hotels close for remodeling, I cannot in good conscience say that it is wrong or that Government should stop it.

"It is work we must do. If we do not have a first class country with first class hotels and first class service, we cannot expect our visitors to pay first class prices.

"I think frankly that all of us have been spoiled by too many years of prosperity. Most of us, unlike other people in the world have never faced unemployment.

"We have never had to worry about how to feed our families or pay for a roof over our heads. We have come to expect that our God-given rights include a good job, security, a raise every year and all of the

benefits that go along with those things."

Only days ago Shadow Tourism Minister Mr. Stanley Morton said the Department of Labour and Immigration should assist staff in finding new jobs and complained the Government was insensitive to the plight of the hotel workers.

But Mr. Pearman has now called on Bermudians to tighten their belts and to prepare for a tough challenge to the tourist industry and stressed that a priority must be to keep the country as a top resort.

Bermudians must now roll up their sleeves and work hard if the country was to maintain its standard of living and they must remember the world does not owe them a living, he said.

"Visitors lost to a competitive destination are almost impossible to bring back again. There is no room either for poor service or surly attitudes.

"It is not enough for the maid to say 'good morning.' It is not enough for a clerk to simply hand back the correct change. We need to do it with that style and class that we know lies within every Bermudian."

He stressed that he was optimistic and said the Department of Tourism was doing its share of the work. He added that a formal application from Club Med was now imminent.

"It is also true that in Cabinet, meeting on Tuesday, I shall recommend to my colleagues that we give this application the most careful consideration when it arrives."

"The bottom line is that many travel experts are beginning to predict major structural changes in the international tourist industry in the years ahead.

"The reason is simple. It is called Super Dollar. The Super Dollar buys more European goods for Americans and Bermudians than ever in history.

"That means more competition for our tourist destination. It is something we must live with. It means we have to produce a superior product that is also a superior value.

"In the last few days we have heard much from all quarters painting a gloomy

picture for Bermuda's economic future.

"There is a real and legitimate concern among all of us involved in tourism that those vital tourist dollars may not continue to flow and indeed we are faced with reversing a decline in visitors that is in its fourth year right now."

#### Government on Wage Restraints

Hamilton THE ROYAL GAZETTE in English 10 Oct 84 pp 1, 2

[Text] Finance Minister the Hon. Clarence James yesterday issued a stern economic warning to the Island's workers.

If employees and their leaders ignore the need for wage restraint now, he said, they could be forced to swallow the bitter pill of unemployment later.

"If the warnings are not heeded, the employees will get the message in a very distasteful way later," said Dr. James.

The Finance Minister said that a successful outcome to the approaching wage negotiations for hotel workers was "crucial" to Bermuda overcoming its present economic difficulties.

Meanwhile, Mr. Eugene Blakeney, General Secretary of the Bermuda Public Services Association, yesterday renewed his call for Government to introduce an unemployment insurance scheme to protect workers.

Dr. James will deliver a major speech on Bermuda's economy to the Pembroke Rotary Club tomorrow morning, in which he is expected to map out the Government's proposals for financial recovery.

As disclosed in yesterday's edition of THE ROYAL GAZETTE, the Minister has already directed all Government department heads to cut spending by ten percent during the remaining six months of the financial year.

While salaries are not directly hit by his measures, Dr. James has also imposed a freeze on the creation of new civil service positions and ordered that existing job vacancies should not be filled automatically.



The Finance Minister said that he was heartened by the speeches which had been given at last week's Chamber of Commerce economic forum.

"The speakers made it clear that the message of the need for restraint had got through to those in a management capacity," he said.

"But whether the message is getting through to the employees and their leaders, union or otherwise, does concern me.

"We do not want the message to come down to the employees too late in the form of unemployment."

The Island was accustomed to hotels closing for renovations during the winter, he said, and this year it was faced with the prospect of two East End properties being shut down for lengthy periods.

Dr. James said that even though some 500 workers were involved, he believed Bermuda could cope with the situation.

Both hotels--Loews Bermuda Beach and Castle Harbour--were undergoing changes in management which could mean that continuation of employment would be broken.

"Some unemployment might arise from that factor, but it is likely that redundancy payments would be made according to current contract arrangements," he said.

While some people losing their jobs might not be able to find similar work immediately, said Dr. James, there was every indication that employment opportunities would be available in other areas, such as the construction industry.

The Finance Minister said that the successful negotiation of a new contract for hotel workers was "crucial" to the Island's economic recovery.

"Wages form a major part of the price structure of our tourism industry; unless the settlement is reasonable, we face the danger of pricing ourselves out of the tourism market," he said.

Mr. Blakeney, commenting on the Minister's new financial restraints, said he was happy that the cut-backs would not affect wages and salaries.

The filling of public service vacancies was a matter for discretion of departmental managers, he said, and would only become a subject of grievance if workers were suffering undue strain due to a job remaining unfilled.

Mr. Blakeney said that the prospect of hundreds of unemployed hotel workers was a matter of great concern, and he believed Government should have launched an unemployment insurance scheme some years ago.

CSO: 3298/137



## FINANCE MINISTER WARNS OF GLOOMY ECONOMIC DAYS AHEAD

## James on Looming Problems

Hamilton THE ROYAL GAZETTE in English 16 Oct 84 pp 1, 6

[Text]

Bermuda must recognise that the economic party is over, Finance Minister the Hon. Clarence James said last night.

Dr. James told St. George's Rotarians of his firm belief that the Island's financial problems were only beginning, and predicted a difficult few years ahead.

He warned that it would be remarkable if Bermuda avoided a balance of payments deficit this year and that Government would have to make drastic cutbacks to prevent a substantial budget deficit of its own.

Bermuda's already-declining tourism industry was likely to face another troubled year in 1985.

"It would be remarkable indeed if this were to occur without a number of lay-offs, both in the hotels themselves and in the many other sectors of our economy dependent on tourism for a living," the Finance Minister said.

The high domestic content of inflation was also symptomatic of an economy living beyond its means, said Dr. James, and a reduction in wage settlement levels was an essential part of a recovery plan.

He said Bermuda would do well to follow the American example of realism in collective bargaining set by General Motors and the United Auto Workers.

Dr. James said that the Government alone could not keep Bermuda from going down the road trodden by other countries which had failed to heed economic warning signals.

Responsible leadership from the business community and the trade unions was vital to minimise the threat to the Island's prosperity, he said.

Dr. James said that when he took over as Finance Minister last April, he was already aware of a number of disturbing economic trends.

"During the past six months, these initial concerns have hardened into a firm belief that our economic problems are only beginning, and that unless corrective action is taken, Bermuda is heading for an economic recession largely of its own making," he said.

It was true that in the past, Bermuda had been successful in generating economic prosperity at home in the face of unfavourable developments abroad.

"Today, that is no longer the case, and it is time that we recognised that the party is over."

Bermuda could take corrective action now or do nothing and allow the imbalances to correct themselves over time, he said.

"The crunch, however, will surely come, and will be that much worse in terms of reduced unemployment and income the longer we continue to ignore the very real problems that confront us," said Dr. James.

The Finance Minister said that the tourism industry provided the clearest evidence that all was not well.

The number of visitors had fallen by almost nine percent during the first six months of the year, and latest figures showed a continued reduction in July and August.

"Clearly, the level of the US dollar is an important factor. High local prices, however, are also to blame, and the combination has clearly persuaded a substantial number of potential visitors to go elsewhere, where they perceive better value for money."

Neither could the Island expect the international business sector to pull it through its difficulties, said Dr. James.

International business, which had reduced its spending in real terms for the second year in 1983, was not likely to produce any real growth this year or in 1985.

Such growth as there had been in the past two years had been generated by domestic demand, which had sustained imports at the very time export revenues were in decline.

"As a result, Bermuda's traditionally strong surplus on trade in goods and services all but disappeared in 1983, and it will be remarkable if a deficit is avoided this year.

"The balance of payments, however, is not our only problem. Halfway through the financial year, it is already clear that the Government will have difficulty achieving a balanced budget this year.

"With revenues falling below expenditure . . . Government will have to make drastic cutbacks in order to avoid a substantial deficit," Dr. James said.

The cause of Bermuda's problems was an excessive level of costs and prices.

Although inflation was down to 5½%, local cost inflation continued to run at 8%, and it was the stubborn refusal of this local component to fall that was preventing any further gains in this area.

Dr. James said that ideally, what was needed was a standstill in prices for two or three years, and the recent settlement in the US between General Motors and the UAW showed what could be done.

The Minister said that the only exception he would make would be for the workers at the bottom of the pay scale, for whom a low percentage increase would represent a very small addition to weekly earnings.

"To everybody else, and that is the great majority of the workforce, I say that pay settlements will have to be brought down if we are to have any hope of sustained economic recovery," he said.

Even then, it was likely to be some years before Bermuda regained the ground lost since 1980, and a period of belt-tightening was inevitable.

The future of two major hotels was currently under discussion, and there seemed certain to be at least a temporary reduction in available beds next year, he said, while the American economy would definitely slow down and perhaps even go into recession.

"For both of these reasons, our tourist industry is likely to experience another difficult year in 1985. It would be remarkable indeed if this were to occur without a number of lay-offs, both in the hotels themselves and in the many other sectors of our economy dependent on tourism for a living," said Dr. James.

In the public sector, his Ministry had already begun a rigorous analysis of revenue and expenditure, but it was already clear that the 1985/86 budget would mean a number of difficult decisions.

"I fully intend to present a balanced budget, but with the economic downturn eroding Government's revenue base, either substantial increases in taxation or substantial cuts in expenditure will be required to achieve this."

Dr. James said that with wages and salaries accounting for some 57 percent of Government expenditure, the level of wage settlements in the public sector would be a crucial factor in the equation.

The Finance Minister said that a number of countries in the developing world were now in serious financial difficulties because they refused to heed the warnings that Bermuda was now being given.

"They are over-borrowed, they cannot adequately service their debts and their credit ratings have plunged. They are now being forced into austerity measures in order to cut consumption and imports, allowing a greater proportion of export earnings to be diverted to interest payments.

"We in Bermuda surely do not want to go down that road. I certainly intend to do all I can to ensure that the warnings are heeded. Government, however, cannot solve all our problems alone."

#### PLP, Union Reaction

Hamilton THE ROYAL GAZETTE in English 17 Oct 84 p 1

[Text]

Shadow Finance Minister Mr. Eugene Cox last night demanded an urgent recall of Parliament to hear a detailed explanation of the country's economic problems.

He complained the economy had been badly mismanaged and warnings of the Island's financial problems had been completely ignored.

He insisted that Finance Minister the Hon. Clarence James should now present a mini-budget and set up a special financial commission to probe the country's cash plight.

Bermuda Industrial Union President Mr. Ottiwell Simmons also criticised the handling of the econ-

omy and called for tax changes and a new look at the country's financial plans.

The two Progressive Labour Party MPs were commenting on a speech made by the Finance Minister on Monday which warned the country that its economic party was over.

Mr. Cox said: "I have been saying for the past year we have had a declining current account balance of payments and this is a cause for some concern. I have been ignored and ridiculed but I read the indicators better than the Minister did."

"The chickens have come home to roost and the Minister is almost

panicking. We have to have a programme designed around these statistics and something should be brought to the legislative assembly in the very near future."

He said the current account in our balance of payments had dropped from \$81.1 million in 1980 to \$7 million in 1983.

"That should have indicated to anyone that we were in trouble and we should have done something before now. The Minister of Finance has only been saying in the last few weeks we are in trouble when the signs indicate we have been in trouble for sometime . . . It seems to be so opportune now as wage negotiations are going on."

He said that only recently the country had been told it had one of the highest per capita incomes in the world but now the Minister had warned the situation was not so rosy.

He complained that Dr. James and previous Finance Minister Mr. David Gibbons, now chairman of the Bermuda Monetary Authority, had mismanaged the economy.

"It's a very serious matter. The Minister should now be thinking in terms of a mini-budget and having the Premier recall the House to discuss a revised budget."

Bermuda Industrial Union chief Mr. Ottiwell Simmons said: "Clarence James is having trouble balancing his budget. I certainly don't think he has just an economic problem but also a political and technical problem."

"He has been thrust into a ministry that he has no technical qualifications for. Therefore, he has to rely on David Gibbons at the Bermuda Monetary Authority."

Mr. Simmons said Dr. James' policies contained a number of contradictions and lacked direction.

"What he has to be clear about is either we're going to have a deficit or we're going to have a balanced budget. His formula to get a balanced budget seems to be to cut back on Government expenditures, either projects or personnel," he said.

"If he is talking about cutting personnel, I don't think the Government has any political advantage in doing so. I think they rely on many public workers — civil servants — for their political support. And the workers rely on them for their jobs."

He feared Government was moving towards policies which would hit middle and working class people and advocated a range of reform measures in a series of economic areas, including taxation and consultation.

#### Additional Reaction, Analysis

Hamilton THE ROYAL GAZETTE in English 18 Oct 84 p 19

[Excerpts] Balanced budget or deficit? Spending cuts or increased taxes? Business Week looks at the reaction to Finance Minister Dr. the Hon. Clarence James' gloomy forecast for the Island's economy.

So what's new? was the general reaction to Dr. James' Monday night speech, in which he told Bermuda the days of economic boom were over.

"The speech didn't say anything we didn't all know before," said one top businessman yesterday.

The reaction, while understandable, perhaps missed the political importance of Dr. James addressing St. George's Rotarians.

After months of hints, prods and half-warnings, a senior Government minister has made a definitive statement that the party is over and given his own solutions for reviving a flat economy.

Dr. James proposed a reduction in the level of wage

settlements, lower price rises, public spending cut-backs and held out the possibility of substantial tax hikes.

In doing so, he put Government management of the economy — as opposed to simply the tourism industry — firmly in the centre of the political arena.

And he has surrendered some of the political initiative by giving the split Progressive Labour Party the chance to repair its image with the voters by putting forward its own ideas on the economy.

The "what's new?" argument was one Dr. James could not win and must have expected.

As long ago as April, the Chamber of Commerce was warning of dark times ahead. The four speakers at its economic forum earlier this month repeated the message that drastic measures were needed to curb Government budget and balance of payments, deficits, rising inflation and falling tourist totals.

The Bank of Butterfield joined the clamour again this week in a newsletter giving details of its quarterly dividend.

Chief general manager Mr. Norman Jones told shareholders in the October 15-dated letter: "There is no room for complacency, the situation calls for an immediate and positive revision of our attitudes."

Mr. Eugene Cox, the Shadow Finance Minister, and fellow PLP MP Mr. Ottiwell Simmons lost no opportunity slamming Dr. James and his predecessor, the Hon. David Gibbons for their handling of the economy.

They immediately homed in on one of the weakest points in the Government's case — if things were going wrong, why was the public not told and why were business groups and the unions not consulted for their views.

Dr. James last night conceded consultation, revealing plans to revive the Economic Forum, a joint body with Government, union and Chamber representatives.

Mr. Simmons, the head of the Bermuda Industrial Union, joined the debate with the most far-reaching suggestion for reviving the economy.

"It's crucial that Government hasten to have a full-time cabinet," he told *Business Week*.

He said an efficient, effective Civil Service managed by professional ministers was a major requirement for making sure problems with the economy did not arise again.

Ironically, full-time ministers was one of the long-term options abandoned by the Government months ago, before the present wave of warnings about the economy started.

Mr. Simmons received some backing for the idea from Mr. Gibbons, who said many people could not afford to give their time for public service at the cost of their careers and livelihood.

Mr Simmons also hammered Dr. James for what he said were contradictions in his policies. Dr. James wanted a balanced budget but was probably politically unable to cut jobs in Government, which left him with the prospect of raising taxes — also unpalatable.

The country already paid a high level of indirect taxation, Mr. Simmons said, advocating the introduction of income tax at the top end.

"I think Dr. James knows too well his tax structure is inadequate. Government, at an early date, must start to tax the high income people," he said.

"It seems to me that income tax must be taken into consideration, or some other form of tax that leaves the ordinary middle and working classes alone. I just know there is no country that can run without taxing itself. That's a principle I accept."

He said Bermudians had paid taxes to help the Government to an \$8 million budget surplus last year: "There is nothing wrong with that. But it makes no sense to me for the people to pay into a surplus and then have to pay when there is a deficit."

Mr. Simmons said international companies based in Bermuda should also be looked at as a further source of tax income, especially if they were wasting resources.



PLP HITS GOVERNMENT, CALLS FOR COORDINATED NATIONAL HOUSING PLAN

Hamilton THE ROYAL GAZETTE in English 20 Oct 84 p 1

[Excerpt]

Progressive Labour Party chairman Mr. Alex Scott yesterday complained that Government plans to solve the housing crisis were in tatters and he backed calls for a national plan to tackle the problem.

The Developments Applications Board has already condemned stop-gap solutions when rejecting plans to build 96 apartments on eight acres of undeveloped land on Palmetto Road ridge, Devonshire.

It called for a co-ordinated national plan to help pick sites for large housing schemes to prevent long-term damage to the interests of Bermuda.

The criticism comes only weeks after Minister of Housing and Works, the Hon. Quinton Edness, promised Government plans would break the back of the housing problem within the next five years.

He said 554 new homes would be

built at a cost of \$50 million by 1989 but a vital part of the house-building programme was the Palmetto Road development and 177 houses to be constructed on Boaz Island.

The West End Development Corporation has already warned this project could face delays or cut-backs after a 20 percent reduction in funds from the Government.

PLP chairman Mr. Scott said the Acting Shadow Minister of Housing and Works, Dr. Barbara Ball, backed the call for a national plan to tackle the problem.

"Housing should receive every priority, but Government should have an over-all national plan rather than just moving from crisis to crisis.

"If they had an over-all plan they would have been able to address the problem of siting far more satisfactorily."

CSO: 3298/138

CHURCH APPEALS TO GOVERNMENT, CITIZENS TO OVERCOME CRISIS

Santa Cruz EL MUNDO in Spanish 13 Oct 84 p 1

[Text] La Paz, 12 Oct (ANF)--The church today made a new appeal to the government and the people. It appealed to the conscience of all Bolivians so that together we can end the crisis that oppresses the country since this is not merely a product of structures.

This was stated in a document by the archbishop of La Paz, Monsignor Jorge Manrique. In it, he indicated that the church has always fulfilled its pastoral duty but the citizens at the decision level have not listened to its voice.

The text of the document released today is as follows:

"1. The accelerated political crisis and particularly the economic crisis in which the country is embroiled are no secret to anyone.

"2. As pastor of this archdiocese, I revealed my deep concern shared by the bishops in many documents calling for unity and responsibility by the Bolivians. These were well received but were not carried out or made guidelines for the good of the people.

"The church has always fulfilled its pastoral duty. The citizens at the decision level have not listened to its voice.

"3. The people all suffer from unprecedented deprivations, hunger and economic chaos. The citizens are perplexed facing the changes and political mistakes that disorient them, confuse them and even deceive them and make them despair.

"4. There are no easy or doctrinal solutions at the political or party levels, but at a level of personal conscience that must answer to God, the fatherland and the common good. If there is no awareness of duty and responsibility to fulfill it, the basic nature of the human condition is missing.

"As an omen and message of hope, we have just heard the Holy Father in Santo Domingo speak of his concern for the underprivileged. He pointed out that the church offers its generous contribution to the work of social liberation of the underprivileged masses in order to achieve justice for all corresponding to

their dignity as men and sons of God. He warned that this important and urgent task has to be carried out with faithfulness to the Gospel which prohibits recourse to methods of hatred and violence. There must be priority for the poor that is not exclusive or excluding, but is open to anyone who wants to leave behind his sins and convert in his heart. This has to be done without considering the poor as a class in struggle or the church as separated from the communion and obedience of the pastors ordained by Christ.

"5. One of the causes of the many misfortunes that Bolivia suffers is the lack of diligent, effective work. The Lord imposes this on us: to earn our bread through honest effort and daily work. There is no other way to end the poverty in which the majority of our people live. Productive labor is a duty of conscience.

"6. Those who have the responsibility of leadership of the worker movements must keep in mind the true road to achieve the just well-being of the working class. To make promises without work deceives the people. We exhort the union leaders to have the courage so that labor produces what is necessary for an equitable and adequate distribution for a dignified life for men and women.

"We make an appeal to the political leaders since whether we overcome the dangerous times we live in depends to a great extent on them, placing the salvation of the country as the main goal.

"We appeal to their consciences so that they set aside every base form of politics and undertake it with seriousness of responsibility for the common good. We appeal to the government to govern with probity and desire for the common good.

"Also I appeal to the conscience of those other citizens who follow their legitimate political vocation but not within the government. Their actions must be based on truth, the rectitude of their intentions and proper mutual respect for the dignity of their neighbors so that they orient their pluralism within the boundaries of fraternity.

"7. Let us not forget that only our faith in Christ, our love for the Blessed Virgin and our Christian tradition will open the horizons of hope and well-being of our fatherland.

"We are also obliged in conscience to save our fatherland, not destroy it.

"We trust firmly and faithfully in our Lord, Jesus Christ, and Our Lady of Copacabana.

"Signed: Jorge Manrique Hurtado, Archbishop of La Paz"

7717  
CSO: 3348/52

FONEM ASKS GOVERNMENT TO PROMOTE MINING EXPLORATION

La Paz PRESENCIA in Spanish 15 Oct 84 p 3

[Text] FONEM [National Fund for Mining Exploration] recommended that the government create incentives for mining lead-silver in order to insure the future supply of raw material for the Karachipampa foundry and revitalize the mining industry in this sector.

The recommendations of FONEM are contained in a report presented recently by its executives to the ministers in the economic sector. They are related to the results of a government commission in charge of analyzing possible solutions to the Karachipampa supply problem.

The report learned by PRESENCIA from sources at the Ministry of Mining and Metallurgy refers to the lack of incentive and promotion mechanisms for projects to explore and exploit lead-silver.

It first indicated: "The Ministry of Mining must seek the ideal mechanism to convince the mining concessionaires about projects selected by FONEM so that they accept the contingent credit that FONEM offers to carry out the advanced stages of exploration."

It added that the Ministry of Planning and Coordination, the Ministry of Finance and the Central Bank of Bolivia must cooperate with FONEM "to obtain development benefits for exploration."

In relation to the Ministry of Mining and Metallurgy, the report to the economic cabinet suggested: "obtaining appreciable materials and supplies for development of the exploration phase; beginning negotiations with the Central Bank, international organizations and friendly governments to obtain a line of credit for development; executing the industrial stage of FONEM projects that result successful; and expediting approval of the supreme decree, projected by FONEM, to establish a development system for exploration for lead-silver, permitting the contingent credits from FONEM to the small industrialists to receive special treatment for the payment of taxes to Internal Revenue."

As to the Karachipampa foundry, FONEM recommended "improving the conditions that the foreign marketers offer."

"Basically, it is recommended to lower treatment costs, not burden them with refining costs for the silver. Penalties must refer only to the elements that really cause technical problems for the foundry. The complex concentrates must receive treatment in their appraisal with acceptable limits for the appraisal of complex concentrates based on the frequency with which concentrates with high content of zinc, tin, antimony, copper and gold occur. These elements would be recovered with the modern technique offered by the Karachipampa foundry," according to the last part of the report.

7717

CSO: 3348/52



ENAF, KARACHIPAMPA TO JOIN EFFORTS TO IMPROVE SECTOR

La Paz HOY in Spanish 13 Oct 84 p 6

[Text] Oruro, 12 Oct--Luis Pommier, general manager of ENAF [National Smelting Enterprise], confirmed that there is a favorable climate to promptly achieve the integration of ENAF with the Karachipampa Metallurgical Complex as a decisive step to achieve integral metallurgical development.

Pommier explained that the smelting enterprise presented the central government with a plan to achieve this objective and strengthen the national economy. "We are sure that our project will merit an in-depth analysis by the government. We believe it is necessary that the country combine efforts and work to conquer the current crisis," he added.

ENAF executives admitted that there is a deep crisis in the metallurgical sector but it can be overcome with the cooperation of the government. According to the professionals in this sector, deferment of ENAF's domestic debt could be the solution to overcome the crisis of the smelting enterprise.

They indicated that this project would permit paying obligations to the suppliers of charcoal, small national industries, and making substantial disbursements to the development corporations that receive royalties from ENAF.

Agreement

It was also reported that ENAF and ANICARVE [Association of Charcoal-Producing Industries] will sign an agreement establishing a new price regulation for this in order to guarantee this supply to the Vinto Metallurgical Complex.

According to the ENAF authorities, the agreement will constitute a guarantee for the enterprise and the charcoal producers on the form of payment and prices that will govern. The clauses of the new agreement will be learned in the near future.

7717

CSO: 3348/52

## BOLIVIA

### BRIEFS

**OIL PRODUCTION DECREASE**--Bolivia produced 4,460,954 million barrels of crude and condensed oil during the January-July period of this year. Daily production is 22.042 barrels. The Bolivian Government Oil Deposits [YPFB] reported that production has decreased 31.62 percent since 1978 when the greatest production was attained with 11,844,276 million barrels of oil. If production does not increase by 1985, YPFB will be forced to import oil. However, the same company is hopeful of the exploitation of the Vuelta Grande oilfield that produces 8,000 barrels per day and of the Yapacani x6 [as printed] well that currently produces 500 barrels daily. [Summary] [La Paz PRESENCIA in Spanish 28 Oct 84 p 9 PY]

**NEW OIL WELLS**--Santa Cruz, 5 Oct (PRESENCIA)--Two new oil wells started production today in Santa Cruz. They are: La Pena-43, which produces 530 barrels of crude oil and 3 million cubic feet of gas per day; and Santa Cruz-5, which produces 300 barrels of crude oil and 1.9 million cubic feet of gas per day. [Summary] [La Paz PRESENCIA in Spanish 6 Oct 84 p 7 PY]

**NEW OIL WELL**--Bolivian Government Oil Deposits has disclosed that a new oil well has been discovered in the Yapacani field of the Ichilo Province in the Santa Cruz Department. First reports indicate that the Yapacani X6 well is producing 35.4 grade oil. [Summary] [La Paz EL DIARIO in Spanish 22 Oct 84 p 3 PY]

CSO: 3348/114

# SAO PAULO POLL SHOWS LACK OF PREFERENCE FOR ANY PARTY

Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Oct 84 p 5

[Text] Most residents of the city of Sao Paulo show no preference for any of the nation's five existing legal political parties. And most of those who do favor the PMDB [Brazilian Democratic Movement Party], followed by, in order of preference, the PT [Workers Party], the PDS [Social Democratic Party], the PTB [Brazilian Labor Party] and the PDT [Democratic Labor Party]. That is the conclusion of the survey made Tuesday by FOLHA DE SAO PAULO in the city of Sao Paulo.

"Do you have a preference for any political party?" was the question asked by the poll, coordinated by DataFolha (Research and Informatics Department of the FOLHA DE SAO PAULO). Of the 1,000 persons interviewed (representative of the entire population), 58.8 percent answered "no" and 41.2 percent answered "yes."

Many of those who did not express a party preference amplified their reply with spontaneous comments justifying their position, although few of those who said "yes" made additional remarks. Both men and women over age 20 asserted, for example: "Political parties are a fiction, it is the politicians that really decide"; "It is hard to choose a party these days, they are so vague"; "I choose the candidate, not the party"; "I wish the underground parties would be legalized, they are more committed to the people"; "I don't have faith in any political party, they won't solve anything and politicians are dishonest."

Younger people made comments such as these: "We can't do anything, so there's no point in trying to understand politics"; "I don't really know one political party from another"; "Politics is no topic for persons of my age."

Women said: "No political party meets my expectations"; "The problem is to get something to eat, which is becoming more and more expensive and politicians don't solve the problem"; "No political party is any use, none of them does anything."

Most of such remarks suggest, if not a pure and simple rejection of parties, at least a deepseated discontent with the way in which political parties have been operating in this country.

This discontent is greater among women (64.9 percent compared with 52.7 percent of the men), in the younger population (63.7 percent in the 17-to-19 age group; 55.5 percent of those between 20 and 35; and 58.4 percent of those 36 or older) and

among those persons earning twice the minimum wage or less (67.3 percent, compared with 58 percent of those earning two to five times the minimum wage and 53.5 percent of those earning more than five times the minimum wage).

Meanwhile, party choice is most clearcut among men 20 to 35 years old (52.5 percent) and over 35 (47 percent) and increases along with household income (for both men and women): of those earning two times the minimum wage or less, 32.7 percent expressed a preference for a political party; among those earning two to five times the minimum wage, the percentage rises to 42 percent; and it reaches 46.5 percent among those earning more than five times the minimum wage.

#### PMDB Preferred

The FOLHA DE SAO PAULO poll then asked the 41.2 percent of those interviewed who had expressed a party preference: "Which of these parties do you prefer: PDS, PDT, PMDB, PT or PTB?" The PMDB obtained the highest number of adherents, with 47.6 percent of these replies, followed by the PT (26.9 percent), the PDS (19.9 percent), the PTB (3.6 percent) and the PDT (2 percent).

The universe of persons polled does not correspond exactly to the universe of persons who voted in Sao Paulo in the November 1982 elections. The percentages obtained by the parties in the poll refer only to the 41.2 percent of the population that now expresses a preference for some party. The percentages reached in the 1982 vote refer to the total votes counted (much less than the total population of the city), including blank and nullified ballots. Some of those interviewed this time are not voters or were not in 1982 (the 17-to-19 age group, for instance). Or it may be that not all those who voted for a particular party 2 years ago really had a party preference--the voter may merely have had a personal preference for one candidate (a deputy, for example) and voted for the other candidates of that candidate's party, as the voting was linked.

However, even taking into account the margin of error contained in this comparison, it is worth mentioning, without going into exact figures, that in November 1982 the PMDB received the most votes in the city of Sao Paulo, followed by the PTB, the PDS, the PT and the PDT. In the FOLHA DE SAO PAULO poll, the PMDB stays in first place; the PDS, in third; and the PDT, in fifth. But the PT and the PTB have now traded places: the PT has gone from fourth to second and the PTB, from second to fourth. The reason for this switch is a subject for speculation--or for another poll.

#### Choice by Category

Those interviewed were divided according to sex, age and household income. And it was found, for example, that the PMDB has greater preference among persons over 36 years of age (53.3 percent in this group) and among those having household income of more than five times the minimum wage (51.6 percent).

The PT, placing second, does best in the 17-to-19 age bracket (39.4 percent), falling steadily in the older groups (32.9 percent of those between 20 and 35 and 12.5 percent of those 36 and older). According to income level, the preference for the Workers Party is greatest at the two extremes (32.3 percent of persons

**Lack of Party Identification Greatest in Those Earning Less Than Twice Minimum Wage, Falling as Household Income Rises:**

**'Do You Have Preference for Any Political Party?'**

<u>Categories</u>	<u>Yes</u> <u>(percentage)</u>	<u>No</u> <u>(percentage)</u>	<u>Number</u> <u>Interviewed</u>
<b>Sex and Age:</b>			
<b>Men:</b>			
17 to 19 years	40.7	59.3	135
20 to 35 years	52.5	47.5	181
36 years and over	47.0	53.0	185
<b>Women:</b>			
17 to 19 years	31.9	68.1	138
20 to 35 years	36.5	63.5	181
36 years and over	36.1	63.9	180
Subtotal, Men	47.3	52.7	501
Subtotal, Women	35.1	64.9	499
Total	41.2	58.8	1,000
<b>Level of Household Income:</b>			
Less than twice minimum wage	32.7	67.3	300
Two to five time minimum wage	42.0	58.0	400
Over five times minimum wage	46.5	53.5	200
Total (exclusive of those interviewed downtown):	39.9	60.1	900
<b>Age Group:</b>			
17 to 19 years	36.3	63.7	273
20 to 35 years	44.5	55.5	362
36 years and over	41.6	58.4	365
Total	41.2	58.8	1,000

earning over five times the minimum wage and 30.6 percent of those making less than twice the minimum wage), falling to 26.8 percent in the group earning from two to five times the minimum wage.

The PDS, coming in third in order of preference, is also, like the PMDB, situated better in the group of persons 36 or more years old (27.6 percent). On the basis of income level, support for the PDS is greater in the groups making less than five time the minimum wage.



PMDB (47.6 Percent), PT (26.9 Percent) Mentioned Most Often By Minority of Population Having Preference:

'Which of These Parties Do You Prefer?

<u>Categories</u>	(percentages)					Number
	<u>PDS</u>	<u>PDT</u>	<u>PMDB</u>	<u>PT</u>	<u>PTB</u>	<u>Interviewed</u>
Sex and Age:						
Men 17 to 19 years	10.9	--	43.6	41.8	3.7	55
Men 20 to 35 years	17.9	2.1	44.2	31.6	4.2	95
Men 36 years and over	26.5	2.1	55.2	12.6	4.6	87
Women 17 to 19 years	9.1	4.5	50.0	36.4	--	44
Women 20 to 35 years	19.7	4.6	40.9	34.8	--	66
Women 36 years and over	29.2	--	58.8	12.3	7.7	56
Subtotal, Men	19.4	1.3	48.1	27.0	4.2	237
Subtotal, Women	20.6	2.8	46.9	26.9	2.8	175
Total	19.9	2.0	47.6	26.9	3.6	412
Level of Household Income:						
Less than twice minimum wage	19.4	--	45.9	30.6	4.1	98
Two to five times minimum wage	21.4	3.6	42.9	26.8	5.3	168
Over five times minimum wage	12.9	1.1	51.6	32.3	2.1	93
Total (exclusive of those interviewed downtown)	18.7	1.9	46.0	29.2	4.2	359
Age Group:						
17 to 19 years	10.1	2.0	46.5	39.4	2.0	99
20 to 35 years	18.6	3.1	42.9	32.9	2.5	161
36 years and over	27.6	0.7	53.3	12.5	5.9	152
Total	19.9	2.0	47.6	26.9	3.6	412

#### Ulysses Sees 'Democratic Phenomenon'

Commenting on the outcome of the FOLHA DE SAO PAULO poll, Deputy Ulysses Guimaraes, national chairman of the PMDB, asserted: "This is a democratic phenomenon everywhere in the world. Those who belong to a party are a minority. The 'floating population,' in party terms, is very great, even in the United States and Great Britain. Even if there were 8 or 10 parties, the majority would not belong to any of them. The majority votes according to circumstances. When they are disappointed, they change their vote in the next election. This is more pronounced when election time is far away. Only in the homestretch do they take a position."

According to Federal Deputy Djalma Bom (PT-Sao Paulo), "the big problem is that the majority of the Brazilian population is on the fringes, does not participate in the nation's political life. At times it is called upon to support some political measure, but it does not have decision-making power. This explains the lack of preference for a political party."

Bom also feels that the poll "shows that the PT is on the right track and is growing."

8834

CSO: 3342/24

# SNI FUNCTIONS TRANSFERRED PRIOR TO EXPECTED NEVES VICTORY

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Nov 84 p 6

[Article by Carlos Chaves]

[Text] As further evidence that it is ready to acknowledge the defeat of Paulo Maluf and preparing to turn the government over to Tancredo Neves, Planalto Palace is taking precautionary measures. It is preparing a decree restricting the activities of the SNI [National Intelligence Service]. Some of the SNI's authority and scope of activity will be transferred to other agencies of the security community, especially the Federal Police. The latter will have its prerogatives expanded so that, as a strictly civilian body, it will gradually take on dimensions comparable to those of the FBI in the United States. A few weeks ago in Rio de Janeiro, when the Arab sheikh Gen Mohammed Abdullah Al Kaliffa disappeared, a dress rehearsal of the new order was staged. The SNI did not participate at any moment, as the entire search and investigation effort was conducted and orchestrated by the Federal Police.

The basic idea behind this modification of the government's organization chart, and about which there is only sketchy information, with no details, is that the SNI has to get out of the frontline position it holds in regard to the comments, fears and impressions formed during the last 20 years. If everything that happened in the country is going to be attributed to the SNI, the sofa will be taken out of the living room before the new tenant arrives. And those who sat on it will feel safer and more tranquil.

Today is not the time to repeat the old adage of "vox populi, vox dei," but there is no doubt about it. The SNI did exactly what people say it did. It was responsible for everything, it took possession of the nation's controls; it invested, manipulated and gradually achieved power. From meddling in party politics to setting up covert operations and making intimidating threats, from doing favors for friendly persons and business firms to dominating cabinet ministers and even presidents, making sure that they received only the information the SNI's officials wanted them to get.

Head of a powerful community and despite being commanded by military men since 1964, the SNI acquired dimensions and a life of its own, beyond the military establishment, to the point where its critics jokingly said that all it lacked was

special uniforms for its personnel. It even has a special hospital in Brasilia, even though those who work in the SNI belong to the army, navy, air force and civilian agencies. Each of these categories has health service available to serve its personnel.

Transformed into a huge octopus of a thousand tentacles not only for the opposition but also for all society, it may be that the SNI does not deserve all the stones that have been thrown at it, because in addition to taking care of politics it always finds time to do what it was supposed to be restricted to: monitoring public opinion, with its anxieties, feelings and trends. But this leading organ of the intelligence community has navigated mainly in the waters of politics, both partisan and nonpartisan, spying, intruding upon the privacy of citizens, acting directly and indirectly to retain the major controls of the nation.

It is not by accident that the SNI has given the nation two presidents and one maker of presidents. Garrastazu Medici headed it before succeeding Costa e Silva, as did Joao Baptista Figueiredo, during the Ernesto Geisel government. This was after being chief of its Central Agency during the Castello Branco regime. Before the Riocentro and Alexandre von Baumgarten episodes, where accusations of assassination struck the SNI directly, there was much talk of Gen Octavio Medeiros' candidacy. More impressive than all this, however, is the participation of its founder in the whole political process of modern Brazil: Gen Golbery do Couto e Silva, as creator of the SNI, dealt the cards during the first revolutionary administration and he later managed to elevate to power Ernesto Geisel and Joao Figueiredo. In regard to the latter, it is of somewhat less importance to know that he repented shortly thereafter. And why? Because he lost control of Planalto Palace to Gen Octavio Medeiros...

In this respect some background information is useful. In the middle of 1958, during the Juscelino Kubitschek administration, the National Security Council underwent revision. The Federal Intelligence and Counterintelligence Service [SFICI] was created as one of its departments. Its first head was the then Col Golbery do Couto e Silva. In an old building in Rio de Janeiro, above the Casa da Borracha, at the corner of Uruguaiana and Presidente Vargas, he formed a team of uncommon presence in the nation's subsequent political life. Those who worked with him included the colonels and majors Jaime Portella, Mario Andreazza, Walter Pires, Octavio Medeiros, Newton de Oliveira e Cruz, Danilo Venturini and Joao Baptista Figueiredo, as well as Capt Heitor Ferreira, among many others. When Janio Quadras took office the arrangement was continued, but after the resignation crisis came the diaspora.

All of them were ordered to serve far from the intelligence apparatus, preferably on the frontier in schools of advanced military studies or in garrisons where they could be watched. Golbery asked to be transferred to the reserve and shortly thereafter participated in founding the IPES [Institute for Research and Social Studies]. The function of this apparently ingenuous institute, made up of businessmen, military men and some from liberal professions, very well supported by cruzeiros and dollars, was the conspiracy against Goulart. The "Satanical Dr Go," as he was later called, molded it into one of the most formidable private espionage structures ever built. Members of the Goulart government were watched

without their knowing. Followed, overheard and photographed every day. Files contained information about nearly 100,000 persons and bugging devices of all types were sent from the innocent-looking corridors of the IPES to telephones, offices and even restaurants frequented by those who were then in power.

#### Tales of Threats, Intrusions

With the victory of the revolution, it was easy to create the SNI. Structurally, it was much like the organization chart of the SFICI, although expanded. And the materials used, consisting of files and tapes, were transported by truck from IPES to a floor of the Finance Ministry, in Rio de Janeiro, the first location of the SNI.

Although Carlos Lacerda said that the SNI did not function on Mondays, because the major newspapers did not come out on that day, this was not quite so. Hundreds of operations were set up there and still were, until recently, although it now has a vast and secret network of modern buildings in Brasilia. There often was an exchange of agents; that is, a team from Fortaleza would come to Brasilia to operate without restraint, later leaving without a trace, kidnapping congressmen, supervising--as in other major cities--burning or vandalizing of newsstands and bookstores specializing in leftist publications and, last but not least, planning explosions of intimidating firecrackers or sending letter bombs. They say that the recently-elected Orestes Quercia was leaving his office to make his maiden speech in April of 1975, when he was seen to be approached by an unknown person in the Senate corridor. The young senator was going to be very harsh in his words, criticising the governing regime. The unknown interlocutor accompanied him to the door of the Senate floor, speaking in a low voice and pointing to a briefcase he was carrying. A little later, in his speech, Quercia lost his place, ad-libbed and did not make a single one of the criticisms that appeared in his written text. He had been intimidated by the unidentified stranger, who claimed to be an SNI agent and threatened to publicize a number of documents involving his administration as mayor of Campinas. Although they were false, or consisting of half-truths, according to the current lieutenant governor of Sao Paulo, he was intimidated and yielded to pressure.

Such stories are told by the thousands, and it is hardly necessary to remind one of the Alexandre von Baumgarten dossier. After a certain point, fully aware of the power of the monster they were administering (the words are those of Gen Golbery do Couto e Silva, after he broke with President Joao Figueiredo), the SNI officials began operating in even more dangerous fields. Special deals between state enterprises and private firms were worked out in their offices. Favors were asked or given. Gen Octavio Medeiros will not be accused of any of these practices, but the same cannot be said of his top-level associates. Even Gen Newton de Oliveira e Cruz, for many years chief of its central agency, was accused of granting favors to the CAPEMI [an American-owned mining company] and O CRUZEIRO magazine.

Whether or not exaggerated, the SNI could not keep from becoming a self-appointed censor. Deputies and senators appealed innumerable times for its extinction or at least its control by the legislative branch, since the funds it uses are kept secret. And very sizable, as for the intelligence community there is no Delfim Neto inclined toward denying funds.



The opposition, taking on new life with the possibility of coming to power, speaks of a broad inquiry into the SNI, something Tancredo Neves never intended to do. At the most, his inclination is to limit its responsibilities, reducing and circumscribing its authority within strict limits. Prevent the past from being repeated in the future. Precisely what the present government, with ample forewarning, apparently intends to do. What it began doing when General Braga took over its Central Agency, replacing Gen Newton de Oliveira Cruz in 1983, with the applause of Gen Walter Pires, army minister, who saw no grounds for the agency's jumbo size, much less the prolonged use of army officers in its permanent personnel.

A symptom of the fact that things are indeed about to change is found in the recently-created Informatics Law. The SEI [Special Secretariat for Informatics] always existed on the turf of the intelligence community but, foreseeing the coming of the opposition to power, a considerable number of top-level SNI officials planned a definitive transfer there. After all, they would continue in-house, as a result of the recently-approved law, which permits the SEI to intrude on the privacy of us all, more or less as does the SNI without legal authorization. The fox has been given another henhouse to guard, smaller, less conspicuous, but equally full of abundant food.

The decree that would restrict the activities of the SNI fits into this philosophy of work or of transformation. It is said that because of this there has recently been an impressive burning of files, using the word in its literal sense. Files, reports of covert operations, special and confidential dossiers were either being thrown on the bonfire or taken to private and restricted archives. When Tancredo arrives, and in view of what he will find, he will have the impression that the SNI, if not a poetry workshop or a refuge for archangels, is a plain and simple information agency with statistics relating to the number of neglected little old ladies needing assistance, or of high school students planning a career in the legal profession. Will he really have that impression?

8834

CSO: 3342/30

PCB LEADER VIEWS PARTY'S PROSPECTS UNDER MALUF, NEVES

Brasilia CORREIO BRAZILIENSE in Portuguese 30 Sep 84 p 10

[Interview with Federal Deputy Roberto Freire (PMDB [Brazilian Democratic Movement Party]-PE [Pernambuco]), member of the Central Committee of the [illegal] Brazilian Communist Party [PCB] by Flavia Morais: "PCB Supports Strategy of Alliance, Says Freire"; date and place of interview not given]

[Text] "First they suppress the banners, then the communists themselves." That is the feeling of Deputy Roberto Freire (PMDB-PE), member of the Central Committee of the Brazilian Communist Party and one of the most active supporters of the alliance of the Left with the Tancredo Neves candidacy. Freire harbors no illusions about the communists sharing in any Tancredo Neves government. He is certain, however, that the advance of democracy will have been great, in inverse ratio to what would occur with the victory of Paulo Maluf. He recalls that the strategy of the democratic front--embodied today in the [Democratic] Alliance that is supporting Tancredo Neves--is not new. It was conceived and sustained for years by the PCB through widespread proselytizing, within and outside the confines of the opposition parties. Freire does not believe there will be retrogression ("there is no social basis") and, despite all reservations, acknowledges that the Figueiredo government really broadened the scope of democracy. In regard to fears of revenge, he is sure this exists only in the minds of those who do not want change. "The opposition would not think of this," he asserts.

[Question] Why did the PCB choose to support Tancredo Neves?

[Answer] The first thing that must be said is that the strategy of the democratic front, of which the Democratic Alliance is the major expression, the very embodiment of this strategy, was formulated by the Communist Party a long time ago. From the beginning of the resistance struggle against the 1964 coup, among the forces of the Left, the Brazilian Communist Party was the only force that advocated taking the legal positions that existed, no matter how restricted and limited they might be. Specifically, it chose to become part of the MDB [Brazilian Democratic Movement] when other sectors of the Left would not do so and began a policy of confronting the regime, without accepting the use of such instruments, which,

of course, were restricted, some even intended to gloss over the dictatorship, but which presented the opportunity to expand or even consolidate and unify some sectors that were struggling against the recently-installed regime. The MDB was one of these instruments. And it made possible something whose validity some sectors of the Left were discussing specifically, which was participation in the electoral process, a corrupted and fraudulent process, it is true, but which was in any event the only available way to get in touch with public opinion and the masses. And it was a privileged moment which should have been taken advantage of, even though it was within a tremendously restricted, authoritarian and even in some instances totalitarian legislation. It can now be said that this political strategy was successful. A strategy of the broad democratic front, of its expansion, and it can be asserted that the Brazilian Communist Party never took an exclusionary position within this process. It always accepted and always defined itself by amplification of the front in struggling against the regime. And it never required ideological credentials or discussed the past of anyone at all. We were strong supporters of unity, without exclusion, without discrimination. This is an important point in trying to understand the reason for the PCB's being the first leftist force to accept alliance with sectors of the Liberal Front, and it had no problem in accepting the name of Mr Jose Sarney for vice president. The Tancredo candidacy, the alliance with the Liberal Front, with the Sarney candidacy, did not represent anything out of the ordinary or uncommon for the PCB. On the contrary, it was a natural consequence of its whole political strategy. And for this very reason it was very easy for us to support the Tancredo Neves candidacy.

[Question] Within that context, what will be the situation of the forces of the Left in case of a Tancredo-Sarney government? According to recent events, can it not be predicted that the leftists will be jettisoned?

[Answer] I have the impresssion that all the democratic forces of the decision-making process of the present government in this country will be jettisoned. What the candidacy of the Democratic Alliance offers is the possibility of this nation returning to democracy, so that the democratic forces can freely contend for power. The Left--or any democratic sector, even the liberals--is excluded from the decision-making process of the present government. Tancredo, managing the transition, can create the conditions so that all these democratic forces can contend for power, participate in government. This is why it cannot be said that anyone will be excluded. On the contrary, the Tancredo candidacy offers the participation of all, and the precise degree of this participation will be up to the judgement of the people.

[Question] What is the outcome of the episode involving the banners?

[Answer] It seems to me that this would be a pointless discussion if we were to take into consideration only the aspect of the banners. What is important is that there are attempts to limit the exercise of citizenship. What lies behind the problem of the banners is that there are sectors interested specifically in limiting the participation of the Left and, even more specifically, of the communists. It is an attempt to hinder participation by the communists or other sectors of the more advanced Left in the campaign itself and in the [presidential] succession process. For this reason, I contend that the Democratic Alliance

cannot acquiesce to this type of limitation under any circumstances. If today we are thinking about limiting the banners, tomorrow we shall be thinking about limiting those who carry the banners. After all, we do not exist for the purpose of reestablishing democratically a regime the same as we have today, or maybe a little better. Citizenship should carry the right to organize and to free expression and that of course includes communists. This is our viewpoint, the viewpoint of the Democratic Alliance, which cannot permit any restriction, even though the color red may cause some problems for certain heads of today's regime.

[Question] Do you think there will be changes in the succession situation that will make the opposition's candidacy unfeasible?

[Answer] I think it would be difficult. Today's trend is consolidation of the succession process and accomplishment of Tancredo's victory. There is no base of political or social support for a retrogression. We now have in the Democratic Alliance an integration of the most disparate, even antagonistic, sectors of society. This demonstrates that there is no place in society in which the idea of retrogression can grow. On the contrary, what we are seeing is, with each passing day, greater support of segments of all social sectors for the idea of a democratic transition. Democracy is now an idea of a prospect of the life of society that has gained the awareness of the entire nation. The sectors that want a retrogression are the anti-democratic sectors. And these sectors, it seems to me, no longer have a place in our society.

[Question] What are the prospects for the Left in a Tancredo Neves government, should it occur?

[Answer] I have the impression that the Left will participate. It seems to me, in fact, that Tancredo was quite clear in relation to this when he said that all political forces that were participating in his rise to power would participate. Of course, by that I do not mean that the communists will participate in the government. But if we have direct elections, maybe even this is possible. But in an indirect process, where the representation is not clearly defined, I don't think there will be participation. The regime's commitments with the dominant class are still too great to permit communist participation. This is still a problem in Latin America. Suffice it to say that in only two countries were communists in the position of participating in the national government. Chile and now Bolivia, both by open and broadly democratic electoral processes. In one, even with the total and unacceptable connection of sectors of the armed forces with drug traffic, as was the case in Bolivia. And the only group, the only movement that was able to provide stability and avoid this terrible connection was that of the communists combined with other forces of the Left in Bolivia, which created the so-called Popular Unity. So there are few Latin American countries that have succeeded in doing this. And I am not going to believe that Brazil, emerging from 20 years of authoritarianism, is going to be in a position to include communists in the government. But sectors of the Left, particularly the left wing of the PMDB, of course, will participate. And we must struggle jointly with them so they can have this participation, if only so that the Tancredo government has a social base that is both broad and well-supported among the people so that it can more tranquilly accomplish the transition. Participation of the Left is necessary as a counter-balance at the social level for this transition that the government will have to make.



[Question] In the beginning, Tancredo expressed himself as opposed to calling a National Constituent Assembly, alleging that constitutional reform would be sufficient. Later, however, he began advocating that it be called. What were the grounds for this change? Was it counter-pressure from the Left?

[Answer] I believe that this problem of granting constituent powers to the new Congress is something that was not well-defined in Tancredo's earlier speeches. What was needed at that time was coordinated participation by sectors of the Left with the candidate in formulating some proposals, among which the National Constituent Assembly was prominent. But something interesting also happened. And that is that this also came as a demand of the sectors of the Liberal Front, which, in its platform when they formed the Democratic Alliance, accepted the National Constituent Assembly without much discussion in terms of how it would be operated, accepting the thesis that it would be free and sovereign.

[Question] Do you think that if it had been a demand only of the Left it would have been accepted?

[Answer] I think so, because the question of the National Constituent Assembly is not a problem of the Left only. Of course, it was a basic tenet of the Left, advocated by the PCB in its 1967 party congress, but the fact is that this proposition was absorbed by the MDB and later by the PMDB and for a long time has been a tenet of the PMDB platform. In other words, it was not only the sectors of the Left that saw the replacement of the authoritarian regime by a democratic regime being accomplished through the Constituent Assembly. Broad political, democratic, liberal and conservative forces within the PMDB accepted this. It would be very difficult for Tancredo to attempt any retreat in regard to this, because he would feel pressure not only from the Left but also from the liberal forces themselves within the Democratic Alliance. Now, since this [the Constituent Assembly] will be done, it is merely a technical question. Substantively, the new Congress must have free and sovereign constituent powers. One point that will be amply debated, for example, is that we cannot imagine that a Constituent Assembly can be free if there are limitations on expression and organization of political and ideological forces in society. The Constituent Assembly, to be really free, must have, as a precondition, the most broad and total freedom of party organization. If we do not have this, we will not have a sovereign Constituent Assembly, because a sector of society's politico-ideological spectrum will not be represented.

[Question] Then you think that party reform should come before calling of the Constituent Assembly?

[Answer] Of course. It must come, in fact, immediately after the new government takes office, because this party structure no longer represents anything. The principal proof of this party structure's archaic nature is the existence of the Liberal Front, which as a party may be even stronger than the PDS [Social Democratic Party] itself. The political parties in Brazil are totally dependent upon the executive, judicial and even the legislative power, which, at its pleasure, with a simple majority, may extinguish parties, as it did with the MDB, which is absurd. A party that wants to be a power cannot be extinguished.



[Question] Specifically, what conditions did the leftists impose upon Tancredo, in the meetings they had, to support him?

[Answer] None. The Tancredo-Sarney candidacy is not something that we are joining, negotiating to support or bargaining about. This candidacy is something that was constructed with our participation also. So there is no reason for us to negotiate. What we have to do is to work with it to accomplish the transition. The only commitment that exists is to accomplish the transition. That is why we did not have to do any negotiating. What we have is perfect integration in a struggle that has been going on for a long time, that is now embodied in an alternative opposition candidacy that can accomplish the transition.

[Question] Much is being said about the inability of fronts to govern. They are effective in demolishing but not in constructing. Do you believe it is possible to reconcile such disparate tendencies in one government program, especially at a time of crisis such as the present?

[Answer] I am not terribly concerned about whether so heterogeneous a front can govern. If it is unable, it will be cleansed by the process itself. They will be able to be excluded from the government but they will not be considered enemies of the nation and of the state as they were during 20 years of this authoritarian regime. My concern is to overcome this authoritarian regime. I don't worry about whether or not we take part in the government. That is a secondary matter. But if we participate we will make every effort to accomplish this objective of a transition to democracy and in such a way that this transition causes no more detriment to the interests of the working class and the workers. And at this moment, even with all this heterogeneity, we will be able, the people will be able to decide who they want to govern.

[Question] Does the PCB expect to obtain its legalization in the Tancredo government?

[Answer] We would have prospects within any future government. Any future government will have to face the communist question squarely, because it is not possible to live much longer in a hybrid situation such as the present. The communists may be communists, but they cannot organize as communists. No. This will have to be resolved. With each advance of democracy this situation becomes more explicit. Hence, any government, if it fosters the advance of democracy--and the Figueiredo government demonstrated this, a real democratic advance, based upon amnesty and direct elections for governor--will see this question become even more prominent. And the question of the legality of the PCB is indissolubly linked to the advance of democracy. Every time there is a retrogression in democracy the first victims are the communists and whenever there is an advance of democracy the communist question reemerges.

[Question] What are the expectations for the Left in a Maluf government, if that occurs?

[Answer] The prospects are not good. I will not even address the possibility of a Maluf victory because I don't consider this a very plausible hypothesis. My belief is that he is now already defeated. He is defeated not only numerically and arithmetically in the Electoral College, but politically. But accepting the

hypothesis of victory just for the sake of argument, the communists have already survived regimes and governments as fascist as Maluf's would be; although it would certainly be something to be avoided, it would not cause more fear than others have caused. I do not believe that it would be any more fascist than some of the fascists we have had in this country, especially in the last 20 years.

[Question] Do you believe that the Workers Party [PT], despite their words to the contrary, will end up supporting Tancredo Neves and going to the Electoral College?

[Answer] I think they'll go. One can already see within the PT some positions on the other side of this question. There are representative persons within the PT that clearly advocate the position that participation in the Electoral College may become necessary, as a concrete way of avoiding continuation of the present regime and even, from a more optimistic viewpoint, of decreeing an end to that regime, initiating a period of democratic transition in the interests of the working class and of the workers. I find the PT position greatly mistaken. It is a position of such intransigence and sectarianism that it could force the party into severe political isolation, an isolation that is even reflected in some jokes. For example, a new term that has emerged--I don't know whether it is with the same pejorative connotation as "Malufar" [literally, "to Maluf," presumably to act as would Maluf], but at any rate attempting a similarity--which is the term "malular" [presumably a pun employing the name of the PT's leader, "Lula"]. What is meant by this is that those who "malufar" are not much different from those who "malular." This is very serious for a party that I think could play a much more important role and one which is more representative of the interests of the working class and the workers in this nation, but that is in such an ambiguous position that it results in jokes of this type. For example, the PT leadership must constantly say that the party is not made up of criminals or robbers who "malufar." This must be the product of some political defect, if every day it is necessary to say that it is not "Malufing."

[Question] And to what do you attribute this posture adopted by the PT?

[Answer] In movements of the Left, there is a certain very immature phase. It appears to me that the PT imagines that the workers' movement in this country started with the ABC [refers to industrial sections of Santo Andre, Sao Bernardo do Campo and Sao Caetano do Sul] strikes, as if everything that was done before had no significance. But it has. In our history, many of the errors have already been committed and if we have a good knowledge of these errors we are not likely to commit them again. I believe the PCB is one of those that err the least, because it has made some errors in the past and knows that it cannot commit them again. But the PT is not very much concerned about this and perhaps is entering this somewhat immature phase of leftist extremism, of exaggerated adherence to purity and principle, and even confusing certain questions of principle with something that is merely tactical. But I believe the PT will reform itself, will engage in self-criticism and will understand that democracy is something important for the working class and for the workers. And democracy today means to make it impossible for the regime that Maluf represents to remain in power and to try, along with the nation's other democratic forces, to accomplish a transition with Tancredo Neves.

[Question] Are you afraid that the climate of expectations that has formed around Tancredo, habitually presented as the nation's savior, may eventually result in an equally intense climate of frustration, inasmuch as existing problems are likely to persist through the next administration?

[Answer] If we have the good sense to realize the real significance of a Tancredo Neves government, we will not create any frustration. But if we imagine that he will represent the nation's salvation, this, of course is dangerous. There is a very noticeable tendency in Brazil--to a large extent because it is a society which is not yet very coordinated, not highly organized from the political viewpoint, with little militancy in its citizens, its professional and occupational associations, its corporative entities and its political parties, with low and infrequent political participation by all the citizenry--for the citizen to see in a change of government the rekindling of all his hopes. And this not only in direct elections. Even in the transmission of responsibilities from one set of generals to another over the last 20 years, every time there was a change in government there was a resurgence of hope in some sectors. The very disorganization of society breeds this type of excessive hope in the electoral process, as if some savior were coming to take over the government and that, with the wave of a magic wand, all these serious problems would be solved. If we harbor such ideas, there will be frustration, but if we demonstrate that in his government Tancredo will provide conditions for society to organize, within a democratic regime, together with the representatives that society chooses, there will be no frustration of this sort. I don't think there will be any frustration with Tancredo Neves.

8834

CSO: 3342/29

## CONFERENCE TO STUDY DOUBLING OF GRAIN PRODUCTION IN 10 YEARS

### Organized Campaign Needed

Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Oct 84 p 39

[Text] Porto Alegre--Within 10 years Brazil should double its current grain production, reaching 100 million tons, which will make possible meeting domestic demand and increasing exports by \$4 billion to \$6 billion annually. These are data that the president of the Brazilian Association of the Vegetable Oils Industry (ABIOVE), Martinho Farias, had in mind in calling, for 27 and 28 November, in Brasilia, the First Brazilian Congress of Grain Agriculture (COBRAG), with the objective of fostering a national mobilization to reach this goal.

Political officials, mainly those belonging to the agriculture and livestock committees of legislative assemblies and the National Congress, will participate along with specialists from government agencies, businessmen and representatives of occupational and trade groups of the rural sector in discussions that will be free and open. As a preliminary, ABIOVE is holding seminars at the state level to determine what Martinho calls the "strong ideas" of the conclave. The first was held in Curitiba, the second will be in Porto Alegre next Thursday, another in Sao Paulo on 7 November and the last in Rio de Janeiro on 12 November.

A commission of economists including, among others, Paulo Rabello de Castro, of the Getulio Vargas Foundation, Roberto Felix, of the Center for Foreign-Trade Studies and Eliseu Alves, of the Brazilian Agricultural Production Company, are coordinating the survey of these preliminary data. Martinho emphasizes that, of the area now planted in the nation, about 35 million hectares, only 4 million hectares use modern technology: "The rest is conventional, using the hoe and the ox-plow, with very low average yields.

"We thus believe that by increasing the total area to 55 million hectares but expanding the most advanced technologies to one-third of this total it would be possible to double current production," he told FOLHA DE SAO PAULO.

### Conservative Estimates

The hypothesis of expanding domestic demand, essential in defining exportable surpluses within 10 years, assumes population growth of 2.2 percent annually with income per capita increasing 2 percent annually. These are conservative estimates,



Martinho admits. But to reach 100 million tons, he added, the nation will have to invest an average of \$1.2 billion annually in expansion of the agricultural frontier and technological development of the various crops. It is thus important to provide an optimistic outlook for the potential exporter in order to raise the funds needed by the sector.

At this level of preliminary discussion, he adds that the technicians are going over these ideas of the future trend of demand, income and price prospects: "We have to work with some figures," he explains. It is a first approach susceptible of discussion. The ABIOVE president believes especially that investment for development of new technologies will not be a substantial portion of this process. From his point of view, "the techniques already exist and what we have to do now is disseminate them."

He believes further that production will no longer be guided by subsidies and price guarantees but will be determined by behavior of the market: "The idea that will prefail, I believe, is that we need the market and prices and not subsidies; agriculture must become competitive." These are statements that will surely stimulate lively debate at the plenary sessions.

The congress will also study another polemical topic: the land question. Agrarian reform will surely come in for discussion, acknowledged Farias, but he recalled that equally important is proper use of small holdings for crops suitable to the size of the property: "The subsidies and the favoring of prices resulted in large distortions and many farmers who lost interest due to persistent losses stopped growing certain crops," he stressed. Likewise, large areas with low yields were retained with favorable credits. Thus, only the reality of the market can put things back in their places, he concluded.

#### Basic Foodstuffs Stressed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Nov 84 p 24

[Article by Ellen B. Geld]

[Text] To avoid facing conditions of chronic famine by 1990, Brazil during the next 5 years will have to cultivate an area 20 percent larger with basic food crops. This is a challenge that is made even more disturbing by the fact in recent years production of these crops diminished or remained stagnant. However, nothing is so irritating as to hear the absurd accusations that export crops are being cultivated to the detriment of food crops, as if the former were unnecessary and those who produced them were insensitive to the needs of the nation.

What should be asked is what can be done so that food crops pay enough for farmers to be able to produce them. One of the most articulate persons whom I know on this subject is the sugarcane producer of Guariba, Roberto Rodrigues, who is a professor at UNESP [Sao Paulo State University] and director of an incredible number of agro-economic organizations, who also works constantly to provide solutions.



In his excellent study, "Bases for a Food Program," Professor Rodrigues reminds us that the great increase in production of export crops resulted from the need to produce funds for the industrialization of Brazil. To the extent that this industrialization increased, the migration of agricultural workers to the cities also increased. Previously, many of these persons had planted beans, rice, corn and manioc as supplemental crops, frequently between the rows of coffee plants, rotating with cotton or in the sugarcane reform. When these persons left the fields they became consumers instead of producers and in their absence these supplemental crops were frequently abandoned.

Is it the fault of producers of sugar cane, soybeans or coffee that these crops provide greater profit than do basic foodstuffs? Should the former crops be abandoned in favor of the latter? Of course not. Brazil needs exports to make profits to grow and to pay its debts, as it always has. They are a source of employment and wealth. As Professor Rodrigues tells us, what is needed is that the production of foods as well as of export crops be planned from the basic seed or breeding animal to marketing and processing.

What is needed for this is a similar program in which the producer of foodstuffs has a guarantee of reasonable prices adjusted to a real VBC (basic cost value). The prices offered by the governments of all highly productive countries are a simple guarantee that the farmer can at least pay his costs, thus not becoming the victim of price fluctuations.

A correct guaranteed price is as basic as the need for long-term loans for investing in machinery and the inputs needed to keep the soil consistently productive. But at the same time it is necessary to also have a continuous program of research and extension. Soybean production has increased 5 percent annually due to research. Black beans, without coordination between research bodies, remains stagnant. As a consequence, it continues to be a crop of high labor cost and low productivity, due mainly to the problem of disease. At the same time, corn could give a yield as high in Brazil as in any other country in the world, but due to lack of instruction in the sector the average production of the Brazilian farmer is appallingly low.

The situation relative to production of basic food crops is critical today because it never received the attention it deserves, as if rice and beans are something the small farmer can always produce without effort. However, with unlimited technology, land and human resources available, there is no doubt that the gap could be closed. There is room for soybeans, sugar cane, cattle, corn and anything one can think of. To prove that, the Ribeirao Preto region, which is the nation's largest sugarcane zone, is also the largest producer in Sao Paulo State of basic foodstuffs.

What Professor Rodrigues emphasizes--and it is impossible not to agree with him--is that basic foodstuffs require a national program just as serious and organized as the one dedicated to energy. And, along with that, the awareness of the nation to give it popular support.

# AIR MINISTRY EXPRESSES INTEREST IN HELICOPTER MANUFACTURE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Oct 84 p 24

[Text] Air Force Gen Delio Jardim de Mattos, minister of aeronautics, confirmed in Sao Jose dos Campos yesterday that Brazil intends to manufacture helicopters. "We are holding discussions with Sikorsky and Bell Textron for production of helicopters in our country," the general asserted, pointing out that an association between foreign and domestic firms will make it possible to train engineers and production workers for future construction of genuinely Brazilian helicopters.

The air minister said that "making helicopters depends solely on two rotors and a motor, as the fuselage is quite simple--what is difficult is transmission of horizontal and vertical movement; so we think we will soon be manufacturing helicopters."

Delio Jardim de Mattos asserted that "the Air Force General Staff is studying helicopter production, but we should probably begin manufacturing operations by absorbing foreign technology." The air minister repeated that HELIBRAS [Brazilian Helicopters, Inc]--installed in southern Minas Gerais with incentives from the state government--"is not producing what it should and has more incentives than it needs," that is, it is not paying import duties on the equipment that comes from France for assembling helicopters, "and it is not fulfilling the program of technology transfer."

According to information obtained yesterday in Sao Jose dos Campos, within 2 years EMBRAER [Brazilian Aeronautics Company] should have a team of engineers with advanced training courses conducted in either the Sikorsky plant or that of Bell Textron. The ITA [Aeronautics Technical Institute] is already giving courses of specialization in helicopters for its students. Within 2 years ITA engineers and the EMBRAER team should be able to work together on a helicopter project. The Ministry of Aeronautics intends to begin with a helicopter for basic training, with quantity production likely to begin within 5 years.

8834

CSO: 3342/24

## SAO PAULO TO ESTABLISH TECHNOLOGICAL DEVELOPMENT CENTERS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Oct 84 p 22

[Text] The state's science and technology system will be expanded by establishing centers for Development of Emerging Industries, an ambitious project of the state Secretariat for Industry, Commerce, Science and Technology, which plans to install in the state of Sao Paulo's technology centers large sheds to accommodate high-technology ventures that do not have funds to meet the risks inherent in development of new products.

The first center should be announced within 30 days and could be installed in Campinas, Sao Carlos, Sao Paulo or Sao Jose dos Campos. The secretariat plans to build it by the end of this year and it should be ready for occupancy in the first half of 1985. Later in 1985 it is intended to build two more such centers, with total investments of over 1 billion cruzeiros. For this purpose, the secretariat intends to increase the Science and Technology Fund from 2 billion cruzeiros this year to 10 billion cruzeiros next year.

The project arises from the findings of the Company for Promotion of Scientific and Technological Research (PROMOCET), affiliated with the secretariat, in respect to the innovations generated in university research institutes in some regions of the state that, due to lack of funds for establishing a small business, are not put to industrial use, thus losing all the potential accumulated from knowledge and applications. With that in mind, PROMOCET identified 57 technological products that could be made here, particularly in the fields of electronics, informatics, biotechnology, foods, river transportation and energy.

Five technology poles were identified in the state that had risen spontaneously around universities and research centers with potential for making use of the development centers. They are: Campinas, with emphasis on product and process engineering; Sao Carlos, with emphasis on process engineering; Piracicaba, strong in agronomic development and the agro-industry of sugar cane; Sao Jose dos Campos, specializing in machinery and aerospace industries; and the city of Sao Paulo, which has all of these characteristics as well as services technology.

Essentially, the centers will make possible the technological development of ideas generated in the laboratories. According to Saul D'Avila, president of PROMOCET, many potential projects for technological innovation are lost due to lack of funds



Geographic Location of Technology Poles in State of Sao Paulo  
(Source: Policy Administration Division of the State of Sao Paulo)

for transforming them into a final product. Projects conceived in universities and research centers usually do not manage to get beyond the prototype stage, unless an entrepreneur appears who is interested in their development.

D'Avila notes that in a country such as Brazil, whose industry is little accustomed to research and development activities, government forces must intervene so that promising ideas are not buried away. But he makes a point of emphasizing that the secretariat's support for emerging industries is not paternalistic, in that all services except land and fixtures will be paid for by the companies and there is no subsidy. Similar experiments have been attempted by Great Britain and the United States.

#### Imported Packages

Because research and development activities involve great risk and high cost, besides the time needed for the innovation's maturation, large Brazilian firms prefer to buy "technological packages" abroad. Medium-sized companies, in turn, prefer to commit their capital in consolidating and maintaining their production line, while small firms see new technologies as competitors to their know-how, which is really their only capital.

According to Saul D'Avila, Brazil is one of the most technologically vulnerable industrialized countries, as the majority of our industries depend upon foreign technologies. This situation is aggravated by the absence of tax incentives for companies that incorporate research and development activities, a unique case among industrialized countries.

"Some advanced technologies," he adds, "would be perfectly feasible here if there were mechanisms that made it possible to arrive at the final product through reduced risk and lower investment. For example, a university researcher could possibly develop a laser model for the iron and steel industry. The market exists, but it is not big enough to arouse the interest of the investor, although sufficient to interest the researcher. Therein lies the idea of the development center."

A typical shed will have 720 square meters. This space will be divided into 8 modules of 50 square meters each, and each of them will house an enterprise. It is estimated that each shed will cost 20,000 ORTNs [Indexed National Treasury Bonds] (about 330 million cruzeiros). After the sheds are ready, support services such as security, cleaning, telephone, medical clinic and the like will be shared among the new entrepreneurs, which will cut their cost to each company in half.

A minimum requirement to be part of the center is that the interested company must introduce a product unprecedented in the domestic market or an already-existing one that uses an innovative manufacturing process. Another important point: the companies will remain for 3 years, which is considered a sufficiently-long maturation period for them to be able to broaden their scale of production and develop autonomously in their own facilities.

Generally speaking, it is the idea of those who conceived the project that the centers are to serve as a showcase for new technologies in a pioneering phase of development. Once their feasibility is concretely demonstrated, they could be of interest to investors. With this in mind, PROMOCET has begun discussions with domestic risk-capital organizations intrerested in investing in promising high-technology companies. Moreover, PROMOCET made a survey during the first half of this year of existing technological projects in universities and research centers in the state of Sao Paulo that show the greatest potential for development; in the Campinas region alone over 20 potential users of the development centers were located.

8834

CSO: 3342/24



# SOCIAL PROGRAMS RECEIVE FUNDING OF 757.5 BILLION CRUZEIROS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Oct 84 p 3

[Text] Brasilia--President Joao Figueiredo yesterday authorized release of FINSOCIAL [Social Investment Fund] funding of 757.5 billion cruzeiros, to be applied in programs for food, health, education and assistance to small farmers, according to the statement of purposes submitted by [Planning] Minister Delfim Netto. The funding will be channeled through the ministries of Education, Health, Social Security, Interior and Agrarian Affairs.

Funding for food was 196 billion cruzeiros, of which 96 billion cruzeiros is for the school-lunch program carried out by MEC's [Ministry of Education and Culture] Student Aid Foundation. Another 38 billion cruzeiros were authorized for the nutrition program, under the Health Ministry, plus 18 billion cruzeiros for the basic food supply program, 15 billion cruzeiros for the food supplementation program, 15 billion cruzeiros for day-nursery feeding and 20 billion cruzeiros for the Brazilian Foods Company [COBAL] to provide working capital for official food programs.

The Health Ministry received funding of 399 billion cruzeiros, distributed as follows: 300 billion cruzeiros for INAMPS [National Institute for Social Security Medical Assistance] health activities, 30 billion cruzeiros for distribution of medicines, 4 billion cruzeiros for water fluoridation, 10 billion cruzeiros for control of communicable disease, 1.5 billion cruzeiros for control of diarrheal diseases, 17 billion cruzeiros for meeting the health needs of those living in outskirts of urban areas, 8 billion cruzeiros for extension of health and sanitation facilities to rural areas, 1.5 billion cruzeiros for sanitation in schistosomiasis areas, 21 billion cruzeiros for control of endemic diseases (malaria and Chagas' disease), 5 billion cruzeiros for integrated health assistance to women and 1 billion cruzeiros for health and sanitation projects in the GETAT area, administered by SESP [Special Service for Public Health].

Education received 85 billion cruzeiros (in addition to funds approved for food and that were appropriated to specific programs), of which 25 billion cruzeiros are for university hospitals, which will enable them to operate through the end of the year; 11 billion cruzeiros for pre-school education; 10 billion cruzeiros for school books; 2 billion to aid local education, administered by MOBRAL [Brazilian Literacy Movement]; 37 billion cruzeiros for basic education and maternity education. Of this last item, 15 billion cruzeiros is for digging wells and

cesspools and repairing school buildings in rural areas and 22 billion cruzeiros are for school furniture and equipment, teaching materials and other educational-support programs.

Of the total of 39 billion cruzeiros allocated to programs for supporting the small producer, 20 billion cruzeiros are for rural settlement and land-title legalization, administered by INCRA [National Institute for Land Reform and Settlement], 15 billion cruzeiros are for rural housing, settlement and land-title registration programs operated by the Special Ministry for Agrarian Affairs, GETAT and GEBAM, and 4 billion cruzeiros are for programs for assisting Indian communities administered by FUNAI [National Indian Foundation].

The president also approved release of 36 billion cruzeiros for programs administered by the Interior Ministry to help the southern states recover from damages caused by heavy rains there. Of this total, 11.5 billion cruzeiros are for Rio Grande do Sul and 24.5 billion cruzeiros are for Santa Catarina. The total funding mentioned specifically by Minister Delfim Netto also includes 2.5 billion cruzeiros to be loaned to autonomous government agencies funded by FINSOCIAL and included in the 1984 federal budget.

8834

CSO: 3342/24

# EDITORIAL CAUTIONS AGAINST ABANDONING AUSTERITY MEASURES

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Oct 84 p 3

[Editorial: "Austerity Should Not Be Abandoned"]

[Text] Suddenly a whiff of optimism braces the spirit of those who meditate upon the future of the Brazilian economy. At the beginning of this fiscal period, few believed that the nation's economy could show a good performance in 1984. Skepticism reigned in regard to the firm rebuilding of the exchange position and no one acknowledged the possibility of closing out the period with a surplus of about \$8 billion. Very few could imagine that industrial production would increase by more than 6 percent and that agriculture would return to being a factor in industrial development...

It required only the recovery of retail trade in recent months to discover that "despite the IMF" the nation's economy was on the way back, with only a few persons believing, of course, that this recovery has anything to do with the adjustment program worked out with the international bodies. Moreover, based upon these results, there is suddenly a trend toward thinking that 1985 will be an even better year. We aren't accustomed to throwing water on the flames of optimism, which generally contributes toward improving the national economy, but it strikes us as prudent to analyze with some care the factors that could make 1985 a better year than this not-so-very-bad 1984...

As we see it, the major factor of optimism is that the nation will have a new government, a government that will break with the orthodoxy which has been sustained (although not always...) throughout the revolutionary governments. We think it important to stress that political liberalization is likely to contribute toward a more adroit management of economic policy. In fact, participation is just as important in economics as in politics, because only within the framework of a certain consensus can measures taken by the government achieve their full effect. A social pact is needed for the nation's economy to be pulled out of the situation in which it now finds itself. But the government must not yield to the temptation of demagoguery to which governments that have spent many years in the opposition so often succumb. The pact that is needed is in the sense of adopting a certain amount of austerity.

There can be no lasting economic recovery as long as an excessively high inflation exists, nor can one speak of recovery when investments are not increasing.

There is no doubt that the current situation suggests a recrudescence of inflation in the first half of next year. There are factors, virtually automatic ones, that lead to this conviction, such as, for example, the current evolution of the money supply, but there are also unresolved problems (Social Security deficit, the condition of the Housing Finance System, etc.) that will require a solution. If the new government cannot drastically reduce the public-sector deficit, it will be very difficult to cool off the force of the inflationary wave. It is now no longer possible to avoid a discussion about this question: can it really be possible to contain the present inflation retaining the current system of indexation? The answer is easy, but what is difficult (although interesting but audacious suggestions are beginning to emerge) is finding the means of getting out of this system which throughout the years has structured the entire national economy.

Reduction of inflation is the most effective means of increasing the people's purchasing power, but it is also the sine qua non condition for resuming investment. Investment is indispensable not only to respond to increased demand but also to promote productivity and incorporate technical progress, without which the economy of any country would soon see itself pushed out of the picture. It must be made possible for foreign companies to transfer their technological advances to our country but reasonable nationalism requires that Brazilian companies also have opportunities to invest.

The economic recovery of these recent months showed that austerity does work. But it is necessary to realize that it is not yet time to relinquish this line of conduct that is beginning to produce its fruits.

8834

CSO: 3342/30

# RUMORS OF REPLACING PDS PRESIDENTIAL CANDIDATE RISE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Oct 84 p 3

[Text] A top-level official of the federal government revealed that steadily increasing pressure is being exerted by politicians and administrators on President Joao Figueiredo to engineer a "turnaround" in the presidential-succession process, by persuading Paulo Maluf to withdraw his candidacy.

The intention of these persons is to attempt to create conditions for effective competition in the 15 January Electoral College vote, in view of the well-known disequilibrium of forces in favor of the opposition candidate. If there are no changes, judging by the predominant expectations, the federal government will suffer an inevitable defeat, which will have as a consequence the even greater dismemberment of the PDS [Social Democratic Party].

The same informant reveals that the president of the republic is listening to these opinions and appeals, but is showing no reaction. As he insists upon continuing the support he has been giving the official candidate, the assumption exists that he has put a vote of confidence in the latter and is waiting for a surer sign of his real election chances.

This picture should clear up by the end of this month or, at the latest, by the middle of November, as the delegates of the legislative assemblies who will vote in the electoral college are to be chosen on 15 November. As a matter of fact, an evaluation has already been made among senators and federal deputies as to who is supporting whom.

When the delegates from the assemblies are chosen, the election will be defined, because it will be possible, with the use of some simple arithmetic computations, to predict who the winner will be, especially because the difference in the number of votes, which is already large, is likely to become greater.

On the basis of this outcome, according to the same top-level person, it will be possible for President Joao Figueiredo to attempt a last-minute political stroke, by launching other candidates for president and vice president. To do this, of course, he will have to accomplish the most difficult feat: persuading Paulo Maluf, an obstinate man, to withdraw from the race.



The very existence of such pressure on the president is alone sufficient to demonstrate the serious decline of the official candidate. In fact, when the government itself, in its official evaluations, foresees insurmountable difficulties, it is because the situation of the PDS candidate is itself precarious.

But it is not only the government that is concerned about these somber prospects: Maluf's supporters themselves, in off-the-record comments, acknowledge the difficulties and heap considerable blame on General Figueiredo because he is not providing Paulo Maluf with the expected assistance.

Maluf's supporters say that the president is supporting the official candidate, just as he supported Mario Andreazza, but that support is much different from assistance. The worst of it is that with each passing day the hoped-for assistance is becoming less useful, because the government is nearing the end of its mandate and the possibility of doing favors is becoming restricted due to the demands of time.

On the eve of the election, the government may weaken even more, as the phase will already have begun of seeking favor with the future president and not the present one.

8834

CSO: 3342/24

## BRIEFS

MALUF URGES CUBA RELATIONS--The government party's candidate, Paulo Maluf, yesterday made two announcements to the press: he will also hold rallies and his staff is concluding studies recommending reestablishment of relations with Cuba. The candidate did not explain what reasons led to this change in his campaign's strategy, as just yesterday he was insisting that he has a 96-vote advantage over Tancredo Neves. He simply said that from the beginning he had not excluded the possibility of holding rallies. According to him, there will be five rallies, probably beginning in Cuiaba and passing through Sao Paulo. Asked whether he would permit red flags, he said he does not believe they will appear, but is opposed to "any type of repression." The candidate emphasized that he is "a man above any suspicion," both when they asked him about the red flags and when he himself insisted upon informing them about the renewal of relations with Cuba. [Excerpt] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Nov 84 p 5] 8834

CSO: 3342/30

# SOCIALIST ECONOMIST PROPOSES NEW APPROACH TO DEBT CRISIS

Santiago HOY in Spanish 15 Oct 84 pp 62-63

[Interview with Ricardo Lagos, socialist economist, by Malu Sierra: "Need to Be Efficient"; date and place not given]

[Text] Like it or not, Ricardo Lagos begins on the topic of an alternative pattern in the economy, a new way of evaluating and measuring the economic processes where the focus is really man.

At 46 years of age, this economist and lawyer is the youngest of the top politicians and the most to the left within the establishment. He is accepted "in spite of being Marxist." He is a noted member of the Socialist Bloc and a representative of the Briones faction of the Socialist Party to the Democratic Alliance. The champions of the system would define him as a "reasonable socialist." He is a man with his own place in national life.

He is sure that the transformation that is pending is not just a change in ideology but a change in values and how to "economically" measure those new values. The current indicators do not reflect the quality of life and do not have much to do with the concrete man.

He does not have doubts about the diagnosis: the system is in crisis here and everywhere. He thinks we are worse off here. The topic, this time, is not who is at fault but how to approach a solution, how to end this grief which means that hundreds of thousands of Chileans--and Latin Americans, to name the closest--go to bed hungry each night.

Some data about the economic situation anger him. One example is the calculation he made about the bonus of 400 pesos for the public sector. "This means an expenditure of \$36 million in 1984 while the state has guaranteed \$111 million of dollars for the debt of four groups!"

However, he is aware that when we hit bottom, when the crisis is total and affects everyone, there is nothing left than to try to agree. "We have to agree on the fundamental features that are going to direct the construction of this new society." This means from the most particular to the most general, from the internal organization of the economy to the gigantic problem of the foreign debt, the highest in the world in relation to Product and population.

[Question] Are you one of those who feel it is necessary to pay the foreign debt?

[Answer] Let us distinguish public debt from private debt. It is necessary to pay the public debt. I maintain that the private debt must be analyzed. Eleven billion. Where did they go? Chile has to answer for what legitimately reached the country with state guarantee.

[Question] How?

[Answer] It is impossible to pay the entire debt. We owe 20 billion. If the interest rate that they are collecting from the country is from 14 percent to 15 percent, the interests alone total 3 billion. We export 4 billion. We cannot live on 1 billion per year. In order to be able to pay, we must depend on the interest rates and the rate of growth of the economies of the capitalist countries. We can only pay if they buy our exports from us and they are going to buy if they are growing.

[Question] If we do not have currency but we do have labor, can't we pay with labor? Exchange the money standard for the labor standard?

[Answer] To do that, it would be indispensable to modify the mechanisms to allocate resources in the country. It would be necessary to readjust the economic system in order to have a fully employed labor force. The phenomenon of structural unemployment exists everywhere. Therefore, mechanisms are being sought to resolve this like a shortening of the work day.

[Question] Stop the accelerated rate in the world? But it seemed as if labor did not have the same reward as capital. Can't the debtor countries impose the form of payment--and the value of their labor--if we are the ones who have the upper hand?

[Answer] I think so. I think the debtor countries have a negotiating capacity that reaches a more political level.

[Question] Why do these countries that do not have money continue to accept the idea that the economy revolves around money and not man?

[Answer] That exchange would require a modification of the forces of the world system. Something similar is being suggested with the idea of the Debtors Club. It is not a matter of not paying but of having the ability to discuss the terms within which the world economy must function.

[Question] If in 1971 the United States could exchange the gold standard for the dollar standard--which is the same as changing gold for its national product--why can't the poor countries that have the tool of the debt do this today?

[Answer] Some socialists would say: "Because imperialism exists." That is, because there is a distinct relationship among countries. In 1971, the United States liquidated the gold standard as endorsement for the dollar. It raised customs and applied import taxes. It did this without consulting anyone and the world did not say anything.

Today the same thing happens with the problem of the U.S. fiscal deficit which is what put us in this situation of insolvency. Therefore, the main point today is how to reestablish a certain equilibrium in international relations--between creditor and debtor countries, between rich and poor countries.

When asked why not exchange the standard, the answer is why not exchange the mechanisms of international negotiation? These are not based uniquely and exclusively on economic strength but on another type of relationship--either moral strength which I don't think functions much in the world or the strength that comes from another type of understanding through political pressure.

[Question] It is a matter of mathematics. Do the debtor countries have the upper hand or not since it would trigger a sizable world crisis if they could not pay?

[Answer] Yes, they have the upper hand.

[Question] If we do not have dollars but we have labor, why can't we ourselves fix how much our labor is worth? We deliver our products and amortize the debt....Could the creditor countries refuse?

[Answer] First, it is necessary to modify the productive structure inside our countries so that the weight of production lies in labor and not capital which is scarce. This means having to negotiate with other countries so that they agree to buy our products.

[Question] The alternative is that we do not pay them anything....

[Answer] It means forming a club of debtor countries which has to have political clarity, the political desire of the governments to unite and confront the creditor countries. Our political reality is pretty lean. While the creditor countries agree on a series of terms they have created, that does not exist in the Third World countries. We have the upper hand but negotiation means a degree of unity by the debtor countries that does not exist today.

[Question] Wouldn't it be necessary to think about a postwar economy, including a type of Marshall Plan and what the United States applied in Germany, rather than renegotiation?

[Answer] I think that negotiation in the external world cannot be separated from internal policy measures. Theoretically, a government at the service of a few could yield to an international renegotiation of the debt to make the debt service easier and keep the system of internal injustice intact. Of course, political negotiation, in the sense of final strength, is the only way. This means negotiation that is not limited to shoving the problem ahead of us but that seeks to modify international agreements. To do this, it is basic to define where we negotiate. In the United Nations or in the IMF? It makes a difference. Where there is "one country, one vote" or where you vote according to your capital contribution? In the IMF there could never be negotiation that favors the poor countries because the 10 rich countries agree and impose their law there.



[Question] You say that before thinking of negotiating, it is necessary to modify the economic structure inside the countries. When you hit bottom, is it very difficult to agree on the basic needs of man?

[Answer] Bread, roof and a coat.

[Question] Nothing more?

[Answer] Not to begin with. I believe that those needs have to be defined by man himself. For that a degree of participation is necessary which is incompatible with authoritarianism. In a democracy, I think the challenge of our time is how to establish a participative mechanism that is also efficient. This is not done with the belief that it is enough to cast a vote every so many years.

[Question] Are economic indicators like the Gross National Product or the per-capita income sufficient at this time?

[Answer] The way to look at the economy has been changing. At one time, the model was determined by the most developed countries. They were the models, the epitome of happiness. Today that lifestyle is questioned and it is known that those levels are impossible for everyone to reach. In the poor societies we begin to question if there is a reason to try or if it will not be more logical to establish other standards and other values. Then the indicators that we have do not help us. There can be much more complete indicators that measure the quality of life. The problem is how to make these compatible when there are such tremendously backward sectors.

[Question] Perhaps what happens is that the economists do not try to measure what truly matters but are limited to measuring what can be measured?

[Answer] I think we do not have those indicators because we are still far from having that type of indicator accepted by all. They imply a different focus for looking at the economic problems.

[Question] A human focus? Will it be so difficult to agree on the basic needs of man? Manfred Max Neef, the Chilean alternate for the Nobel Prize, presents nine basic needs: subsistence, protection, affection, understanding, participation, creation, leisure, identity and freedom. Only some of these are measurable mathematically.

[Answer] The basic thing is not how they are measured but how they are satisfied, what requirements this implies. What it implies is a degree of social organization different from what we have, a participation at the level of intermediate groups.

Also within this set of needs, some are not necessarily more important than others but are more urgent. The thesis would be that since we have hit bottom, this is the right time to make a global change. Does that global change have the possibility of becoming reality now or is it possible now to advance in certain directions? To emphasize subsistence without ignoring that there has to be participation, protection, creation?

[Question] Isn't it possible to advance through agreement?

[Answer] I would like to believe that comprehension is more likely than confrontation but the vested interests are much stronger than the possibilities of the forces of change. There we are--hoping that changes are not produced by force but planned. However, in Chile there is less time each day for planned changes. We continue in a debate as if we had a lot of time ahead of us. Time is getting short. At best, we are in the eye of the storm; we do not realize what time it is. It is very hard to go from an authoritarian system to a participative system, to know how to go from one to the other.

[Question] Agreeing on basic things?

[Answer] What are the levels to agree on? There are no levels of participation in anything. However, in recent years--facing the asphyxia of the system--mechanisms of participation very close to the social base have arisen. It is necessary to preserve them for a democratic system.

The important thing is how we can take steps so that there can be a greater degree of participation and we see how to reestablish a democratic system. I don't want confrontation and I don't think anyone wants it. Unfortunately, I think we are still far from sitting down to discuss the mechanisms of a transition to democracy in Chile while the conflicting sectors are so far apart from each other. Also I think the level of strength of the sectors that would like a democratic system now is inadequate to force those who still believe that they have all the power--and those who support them.

7717

CSO: 3348/64

## IQUIQUE NATIONAL PARTY JOINS NATIONAL UNITY PARTY

Santiago EL MERCURIO in Spanish 13 Oct 84 p C-3

[Article by Sergio Montivero: "Iquique National Party Decided to Join UN"]

[Excerpt] Iquique--The Regionalist PN [National Party] of this city and all its bases decided to join the UN [National Unity] in an act celebrated in Casino San Remo in this city.

The meeting was attended by the UN national president, Andres Allamand, and more than 600 members and sympathizers of the PN.

In the opinion of the leader, the integration of the most representative bases of the Iquique PN was possible "because of complete agreement with the political position of that movement."

He pointed out that the name "Regionalist" mainly obeyed the interest of the local leaders, not to be confused with "groups of people who use the name of the old PN who did not reflect the philosophy of the bases."

The decision was made by the local PN after 13 months in which Jose Lamas Francino, president of the local group, and the members of the political committee were in constant contact with the bases about that decision.

Others who joined the UN on this occasion included: Hugo Toro Martinez, former mayor and alderman for Tocopilla; Fermin Vivanco Navarro, former president of the Iquique PN and the Salitrera Victoria Office; and Francisco Lasalla Scharraffia, former PN alderman in this city. The former Christian Democrat alderman and mayor of Pozo Almonte, Luis Covarrubias Ornayo, also joined.

In a press conference, Allamand stated that the UN is studying all the options that have been presented by the different political groups concerning the bases for a "minimal consensus."

He mentioned the proposals expressed in the original statement of the "Group of Eight" through ADENA [National Democratic Agreement].

He said that it seemed particularly disturbing to him that some of the suggestions are not "emphatic and accurate with respect to the problem of the Communist Party and its current subversive position, especially when they come from those who could and are expected to hold a different position."

## PSD OPPOSES 'POLITICAL PACT' WITH COMMUNISTS

PY031440 Santiago EL MERCURIO in Spanish 25 Oct 84 p C 3

[Text] The Chilean Social Democratic Party [PSD] has ruled out the possibility of the Democratic Alliance [AD], or any AD member, reaching a political pact with the Communist Party [PCCH], or with the leftist Popular Democratic Party [MDP]. PDS leaders Mario Sharpe and Levian Munoz have sent a note (eight pages long) to the PCCH Central Committee in response to a recent PCCH document which stated that it is proper to use violence in restoring democracy. Upon stating that the process designed to restore democracy has reached an "indisputable degree of effectiveness and progress," the PSD believes that this achievement cannot be attributed to the effective political leadership of current opposition groups.

The PSD note states that the AD has earned for itself the recognition and real support of large national groups. It makes it clear, however, that "this support has not been translated into disciplined mobilizations which may reflect the influence of the AD in all sectors of society and which may result in its active participation on all fronts of this struggle." The PSD states that these difficulties must be overcome and that a comprehensive, specific political plan should be formulated. The PSD adds that in order to achieve democracy all those democratic forces should unite around effective guidelines and the tactics they truly share. In this context, the PSD believes that "a political pact between the AD, or any AD member, with the PCCH or the MDP will not be instrumental in immediately ending the dictatorship, as some naively contend. Instead, this pact would only strengthen the autocratic government in the face of the clear ideological differences existing between the AD and the MDP, as is reflected in the PCCH document."

In the PSD note to the Communists, Sharpe and Munoz state that the PSD is determined to make every effort, "to use every available possibility to peacefully overcome the serious, profound crisis our society has been enduring. The PSD is aware that a military confrontation could result in further bloodshed, in a fratricidal fight which would cause irreparable damage to our already weakened society. The PSD states that the exercise of the right to rebellion, as proposed by the PCCH, "can result in heavy damage which would be virtually impossible to repair" for the Chilean society. The PSD note states that, in this respect, the PSD "has measured in its true significance the call made by high dignitaries of the Catholic Church to the effect of promoting accord, forgiveness, and the search for a sound method which would allow us to solve our conflicts peacefully."

The PSD also states that "in our struggle against an autocratic government we accept and share all social agreements. Yet we do not favor political pacts with those who follow ideological principles and tactics which are different from those of the PSD."

Respective of the ideas of other individuals and organizations who maintain different ideas and methods of struggle, the PSD has worked to allow these groups to express their thoughts. Yet the PSD has made it quite clear to the PCCH that it will steadfastly condemn antidemocratic actions and reject violence, and especially terrorism.

CSO: 3348/118



FINANCE MINISTER FORECASTS ECONOMIC GROWTH

Santiago EL MERCURIO in Spanish 12 Oct 84 p C-6

[Article by Elena Martinez, special correspondent: "Economy Will Grow 5.5 Percent This Year"]

[Excerpt] Concepcion--Minister of Finance Luis Escobar Cerda anticipated that the national economy will experience a growth of at least 5.5 percent this year. He pointed out that Chile has been gradually regaining its presence in the international financial organizations.

The minister made these statements when he spoke yesterday at the closing session of the CES [Economic and Social Council] held in the Salon de Honor of the Concepcion City Hall. Minister of Interior Sergio Onofre Jarpa was also present.

On this occasion, the minister of finance emphasized that Chile has not only fulfilled the economic goals proposed for the present year but has even surpassed them. He expressed his conviction that "we will end the year comfortably although it is likely that there will be a slight loss of foreign reserves."

He repeated that the country has experienced a greater recovery than foreseen by the economic sector of the government.

Making an extensive analysis of the national economic situation, Minister Escobar said that it is possible to predict that next year there will be a similar fiscal deficit and inflation to those in 1984. The fight against unemployment will continue and a level of wages will be feasible to "defend the lower-income classes from the impact of the recent devaluation measures and partially protect the middle and upper sectors."

He explained that it is likely that the wage rate will go down in real terms, comparing it to the current year's.

Speaking to the 99 members of the CES, Minister Escobar revealed that the country is going to continue needing foreign resources to pay the interests on the foreign debt next year. He added that there will be a small surplus in the trade balance that will be important but not enough to finance those payments.

He said that, with the recent measures passed by the government economic authorities, it will serve to alleviate the national economic situation.

#### Investment by Public Sector

The minister indicated that the investment by the public sector will grow about 40 percent in real terms during the next 12 months, comparing the national budget to this year's.

He also indicated that a return to the recessive adjustment has already been discarded because they want to advance in revitalization and try to create new job sources. He added that the idea of cutting public expenses even more is not recommended and will not be done.

#### Wave of Rumors

The minister of finance also referred to speculations in recent days about eventual new devaluation measures and increases in customs rates. He revealed his conviction that this wave of rumors is organized to generate a lack of confidence in the government economic sector and also cause the dollar to rise on the parallel market.

He added that those who do not want to lose their money must trust in the authorities and not let themselves be carried away by speculative rumors.

He said that there is plenty of advice about different measures to solve the economic situation of the country but he will only adopt those that he considers suitable. He commented that even some former ministers have recommended that he lower the IVA [Value Added Tax] to increase collection of that tax.

He added that the recent decisions have been difficult but are part of a clear program that will permit our country to continue its revitalization plan.

He indicated that the decisions made concerning devaluations and customs rates had to be made even though they entail sacrifices.

He repeated that the effects of these measures were so obvious because Chile imports consumer goods. He added that the authorities had to use what he called "political courage" to finally pick the alternative chosen.

Continuing his analysis, Escobar revealed that the adverse phenomena recorded in the national economy because of the drop in the price of copper and the elevated international interest rates are going to become even more obvious in 1985, especially with respect to the fiscal situation and balance of payments. Therefore, the measures adopted would be urgently required.

The minister of finance stated that an excessive government presence in the capital market is not advisable, indicating that "we must be careful not to overdo the government presence in this."

The official explained that, given this situation, the economic team analyzed the feasibility of adopting measures to handle the fiscal budget. Therefore, operating expenses were reduced by 4 percent in real terms.

He also reported that the new bank policy pursues long-term equilibrium and seeks to reduce imports and stimulate the entrance of national and foreign capital, whether in investment projects or foreign credit. He said that this new strategy is aimed basically at creating more jobs.

During his speech, the minister indicated that it is necessary to fulfill the investment plan contained in the triennial programs. This is covered in the 1985 budget.

Escobar made a comparison between the situation of the country and a family that suddenly sees its income reduced by 25 percent, having to make the necessary adjustments to live adequately.

On this occasion, the minister of finance stated that his view of the current situation of the Chilean economy is not pessimistic but realistic. Only as the need to adopt decisions like those made recently is recognized will Chile overcome its problems.

He then stated that the government measures are compelled strictly for fulfillment of the goals of the program signed with the IMF. He pointed this out as an achievement.

At the end, the minister participated in a debate with the members of the CES who expressed to him different concerns about the economic situation and the productive activities represented by them.

7717

CSO: 3348/64

GOVERNMENT ANNOUNCES PROPOSED 1985 BUDGET FIGURES

Santiago EL MERCURIO in Spanish 4 Oct 84 pp A-1, A-8

[Text] The budget of the nation for 1985 will amount to 780.738 billion in native currency and \$672 million in foreign currency.

Of this figure, a total of 598.346 billion, or \$545 million, will be assigned to the fiscal area, including only the state authorities and the government institutions, such as ministries.

Last year, the total amount for the public sector, which also includes the state enterprises, was 604 billion pesos in native currency of that year, and \$575 million in foreign currency.

During the same period, the president of the republic will be authorized to contract debts abroad or inside the country, up to the maximum sum of \$500 million, or its equivalent in other foreign currencies, or in native currency. This amount must be added to the sums that the law allows the executive branch as a debt in calculating revenue.

The head of state is also authorized to abolish the positions that are vacant in the public sector, and to create new positions, financing them with the same funds, during 1985.

This information was provided yesterday by sources from the Secretariat of the Government Junta, who added that, based on the procedures for this law, established in the Political Constitution, the bill must be approved by the legislative branch and promulgated by the executive body on 1 December of this year, so that it may go into effect as of 1 January 1985.

The sources queried explained that this would not preclude the passage of supplementary laws required for the appropriation of the respective funds, during December.

They added that, to prepare the aforementioned bill, an estimate of the price of copper was made, amounting to 65 cents on the dollar per pound; and that other background information, such as that on the anticipated growth, would be conveyed by the Finance Ministry during the course of the legislative activity.

At the present time, the Secretariat of Legislation is preparing the pertinent report on the legality of the text, so as to make possible the study of the bill, which is with the Joint Commission, headed by the First Legislative Commission. The Government Junta officially acknowledged the initiative at its session last Tuesday.

According to the sources who were interviewed, it is possible that the members of the legislative branch may receive the final report in about mid-November.

The 1984 Budget Law stipulated social spending amounting to 63 percent of the total fiscal spending. In addition, a growth of 4.5 percent and an average copper price of 75 cents on the dollar per pound were estimated. As for the public sector's deficit, it amounted to 3 percent of the gross domestic product (GDP), totaling 59.2 billion pesos. Finally, the president of the republic was authorized to contract debts up to a maximum of \$500 million.

### Investments

The bill contains regulations designed to control the investment of the entire budget operation, and it was explained that there are among them various provisions aimed at controlling the investments of the National Regional Development Fund as well as those of the municipalities.

The pertinent technical report explains, in this connection, that: "The funds that are appropriated for the National Regional Development Fund are intended to create favorable conditions for economic and social progress in the various regions, fostering their growth and harmonious development."

In addition to these general guidelines, it sets some individual goals, including the financing of regional area projects and studies of natural resources, excluding areas or sectors of national scope; because the necessary funds are contributed by the corresponding ministry through the funds given to it by the Budget Law; contributing to the financing of investment plans adopted by agencies with national coverage, wherein some of the regions have an interest in their execution or termination.

The 1985 draft Budget Law stipulates that the funds earmarked for the National Regional Development Fund may not be allocated to finance spending on personnel or consumer goods and services of the national public services or those of the municipalities; because the latter are financed through the respective ministries and municipalities with their own budgets.

It also cited the ban on using these funds to make contributions to universities or professional institutions, to television channels or any mass media; because they receive their financing through different means; investing in financial instruments of any kind, public or private; or making time deposits; subsidizing public or private institutions with or without profit motives; and granting contributions to activities assigned to agencies of a national type.



There are similar regulations associated with the investment of Social Fund resources. They include provisions banning the use of the funds to hire public employees or to pay salaries in the public sector; to finance advertising or propaganda activities; to make contributions to business firms, universities or professional institutions; or to help finance public agencies, adhering to the directives of previous years.

### Municipalities

With regard to the municipal budgets, it is specified in the bill that they must be approved at the proposal of the respective regional intendants before 31 December 1984, by a resolution of the Interior Ministry, approved by the Finance Ministry.

It notes that, despite the maximum allowance set in the Budget Law for all the dependent services cited in Articles 2 and 19 of Decree-Law 3551, it maintains the same allowances that the ministries have, but allows them an increment in some services or some subordinate entities, upon the reduction that might occur in another subordinate entity.

As for personnel, the services are authorized to contract for overtime within the amounts and restrictions established for them in the budget.

When the sources were asked about the margin of the fiscal deficit estimated in the bill, the sources who were interviewed noted that this would be established once there is progress in the analysis of the bill, based on the data to be provided by the Finance Ministry and considering the agreements which exist with the International Monetary Fund (IMF).

Finally, the draft Budget Law contains regulations of a general type, including those which ban the public sector's services and institutions, excluding the enterprises, from purchasing or constructing buildings to be used exclusively for the housing of their personnel, up until 31 December 1985. There are exceptions to this rule, such as the judicial branch and the municipalities, insofar as housing for rural teachers is concerned.

It also provides that the public sector's services and institutions which have a supply of vehicles may not lease motor vehicles, unless an exception has been ordered which, through a supreme decree issued by the Finance Ministry, could permit the leasing in some instances. Also established is the maximum supply of vehicles that each service may have.

The legal text also contains provisions relating to the budgets of the social security funds, noting that they must be approved by a resolution of the Institute of Social Security Regulation, in accordance with the legal ruling which stipulates that all the social security entities which receive any fiscal contribution must adhere to the provisions of the state's Law on Financial Administration.

Finally, there is an article similar to the one last year, indicating that the product of the sale of government assets and real estate made during 1985 by the Ministry of National Assets will be temporarily incorporated as budget revenue of the aforementioned ministry for programs to clear titles, and this state secretariat must put 65 percent of it into the nation's general revenue.

2909

CSO: 3348/42

## JAPANESE COMPUTER COMPANY, ASICOM FORM EPSON-CHILE

Santiago EL MERCURIO in Spanish 5 Oct 84 p B-2

[Text] An equal-share corporation has been set up by the Epson enterprise, one of the world leaders in the computer field and Asicom, Inc, a native enterprise in the same industry, forming Epson-Chile, which will be responsible for marketing and providing constant technical backup for the equipment and printers introduced into the Chilean market.

As was noted, the creation of Epson-Chile represents major progress in the access that native business firms will have to technological advances in the field of microcomputers and printing systems. It was also pointed out that this is a sign of a foreign consortium's confidence in the development of the Chilean economy and in the high technical standing attained by the country's professionals.

Epson of Japan is currently a leader in the manufacture of printing mechanisms for computers. Created 20 years ago, it is part of the group of firms in the Seiko Corporation. The high technological level has enabled it to attain, to date, a total of a million printers placed on international markets. By 1984, it expects to increase them by an equal amount.

The prestige of the Epson equipment in countries with a high degree of technological development is reflected by the fact that it has made 66 percent of all its world sales in the United States.

As for Asicom, Inc, it is a native firm with a long history in the field of data processing services and systems engineering. Sources from the entity commented that it is the company with the largest growth in the field, and has a plant including 85 employees, divided between technicians and professionals.

2909

CSO: 3348/42

## BRIEFS

REACTIONS TO STATE OF SIEGE--Chilean Andres Zaldivar, International Christian Democracy president, has said in Quito that the reimplementation of the state of siege in his country is a step backward, and warned that the situation can become unbearable for the political forces. He added: The political situation in Chile is very difficult, because on one hand there is a closed-tight government that does not offer any kind of opening, that intends to stay in power until 1989, and that has even hinted that it may continue until 1997, while on the other hand, the opposition, which represents the majority, is demanding democracy. Meanwhile, Santiago de Chile's Archbishop Juan Francisco Fresno said before a group of students of the Catholic University that the country is going through very delicate moments, full of pain, suffering and anguish. His statement has been interpreted as a reference to the reimplementation of the state of siege. Since the state of exception was reimplemented 2 days ago, some 500 people have been arrested in Chile, 6 opposition magazines have been banned, and the Christian Democratic weekly HOY has been subject to prior censorship. [Text] [Havana International Service in Spanish 1600 GMT 9 Nov 84]

EXPORT FIGURES--The Central Bank has reported that over the January-July period exports totaled \$2,301,000,000. Mineral products, chiefly copper, accounted for nearly half of the above-mentioned exports. [Excerpt] [Santiago Domestic Service in Spanish 1730 GMT 13 Oct 84 PY]

PRICES, UNEMPLOYMENT CLIMB--The INE [National Institute of Statistics] made careful preparations. Facing 30 reporters, before announcing September's CPI, Luis Catica, INE's price director, remarked that the index had begun in 1923, and gave details on how it is reckoned. His secretaries served coffee, and distributed explanatory brochures. But that was not enough: At least the CPI of 2.9 percent for September did not convince the four leaders from Women of Chile (MUDECHI) who were present at the press conference. One of them commented: "We can't fill the kettle with explanations." The fact is that this 2.9 percent CPI (and a cumulative 10.9 percent for the year) is a wan reflection of the 23.6 percent devaluation. A major inflationary effect still remains to be felt during the rest of the year which, as Gatica admitted to HOY, will require "belt-tightening." What did take off was the WPI, with 7.5 percent in September and a cumulative 20.8 percent for the year. Nor could

the INE improve the expectations with employment figures. Counting those unemployed and those covered by the PEM [Minimum Employment Plan] and POJH [Employment for Heads of Households Program], during the quarter from June to August there were 905,000 persons without work in the country; which is equivalent to 24.2 percent of the work force; and this is more than twice the unemployment goal set by the government for the end of the year. In the metropolitan region, however, the unemployment is higher, affecting 26.6 percent of the work force. [Text] [Santiago HOY in Spanish 8 Oct 84 p 38] 2909

CSO: 3348/42



## MEASURES TO AID FLOOD VICTIMS DESCRIBED

PA122355 Bogota Cadena Radial Super in Spanish 1730 GMT 11 Nov 84

[Text] Bogota--President Betancur today ordered the mobilization of resources to help confront the difficult situation created by the floods, which have caused the deaths of 52 people and huge material losses here in Colombia. The areas most affected by the rains because of the flooding of rivers and streams are Antiquia, Atlantico, [word indistinct], Cundinamarca, Cordoba, Valle, Bolivar, Santander, Sucre and Norte de Santander. After reviewing this serious situation, which has resulted in heavy losses for agriculture, the president has ordered the mobilization of resources, which will be distributed by various aid committees among the thousands of victims in these places.

The floods have primarily affected the production of coffee, cotton, corn, sorghum, soybeans, plantain, beans and rice, and the transport of milk due to the constant mudslides along the roads.

Both President Betancur and Agriculture Minister Gustavo Castro have outlined an emergency program to keep the prices of staples from soaring [words indistinct]. In this way, the government intends to guarantee the full supply of food products during the remainder of 1984 and early 1985. To this effect, as of today, Sunday, the state-run Agricultural-Livestock Marketing Institute, IDEMA, will put on sale tons of its stored foods, especially grains. Foods and other supplies donated by FAO and the Vatican's Public Calamities Fund will begin arriving in Bogota in the next few hours. This aid will be especially destined to the inhabitants of Puerto Berrio and Puerto Nare, in (?northeastern) Antioquia Department, as most of the people there lost their belongings when their urban and jurisdictional centers were flooded. The waters of the Magdalena River, one of the largest in Colombia, rose more than 4 meters, forcing people in nearby areas to flee in improvised boats and canoes. Finally, the government has ordered that medicine, clothing, and food be distributed in the affected areas by the Colombian Air Force. The vaccination program has been intensified in the peasant areas in an effort to avoid epidemics, especially among children.

CSO: 3348/119

BRIEFS

COOPERATION AGREEMENT WITH EGYPT--A Colombian-Egyptian technical and scientific cooperation agreement, signed on 23 July 1981, went into effect last week. [Summary] [Bogota EL SIGLO in Spanish 29 Oct 84 p 13 PA]

ALUMINUM PLANT NEGOTIATION--Hugh Hart, Jamaica's minister of mining, energy, and tourism, arrived in Colombia yesterday to finalize plans for the establishment of a binational committee to discuss construction of an aluminum plant here. Colombia will obtain bauxite to produce aluminum in exchange for coal. [Excerpts] [Bogota EL SIGLO in Spanish 29 Oct 84 p 1 PA]

MINISTER LAUDS REAGAN VICTORY--Bogota--Colombia is confident that the reelection of Ronald Reagan as president of the United States will reactivate world economy, stop the arms race, and advance efforts to solve the Central American crisis. Colombian Foreign Minister Augusto Ramirez Ocampo called the electoral victory obtained by Reagan overwhelming and maintained that it is a clear approval of his economic policy. We hope that such a good economic policy will result in a reactivation of world economy, Ocampo added. Ocampo said that in supporting the Contadora Group efforts, Reagan took an important step toward a possible solution to the Central American crisis. During his televised debate with his Democratic opponent, Mondale, Reagan said that the United States will continue to back Contadora because it is an instrument to find peace, he remarked. We hope that the official U.S. position will not be modified or distorted with regard to support for the peace processes, Ramirez Ocampo concluded. [Text] [Bogota Cadena Radial Super in Spanish 1730 GMT 7 Nov 84]

MOLYBDENUM COPPER DEPOSITS--Bogota--Large deposits of molybdenum copper have been discovered in the area of Mocoa, Putumayo. This discovery offers a promising future for the economic and social development of the region and the country. The deposits are estimated to hold some 400 million tons of the metal. [Summary] [Bogota Domestic Service in Spanish 1730 GMT 31 Oct 84 PA]

INCREASED OIL PRODUCTION--Colombia's oil production reached a record 168,314 barrels daily in September, the largest volume of crude produced since 1974, the Colombian Petroleum Enterprise, ECOPETROL, has announced. This figure indicates an increase of 2,014 more barrels produced per day in August this year, and 9,810 more barrels produced per day than in September 1983. Colombia consumes 230,000 barrels of oil daily, and imports a little more than 50,000 barrels daily to cover domestic consumption needs. The country presently has reserves calculated at 450 million barrels, and in coming months this figure

could rise to 1 billion barrels. The eastern plains, as well as Huila and Putumayo, are the areas where the greatest reserves are found, and to transport the crude to the refineries, an oil pipeline from (Cano Limon) to Zulia will begin to operate at the end of next year. [Summary] [Bogota EL SIGLO in Spanish 9 Oct 84 pp 1, 16 PA]

AGREEMENT WITH FRG--Bogota--Colombia and FRG have signed two agreements, one providing for technical assistance for a quality and methodology control center, and the other providing for erosion control cooperation in the (Checua) River Basin. [Summary] [Bogota Domestic Service in Spanish 1730 GMT 1 Nov 84 PA]

CSO: 3348/119

JOINT COMMUNIQUE WITH BURKINA FASO PUBLISHED

Havana GRANMA in Spanish 1 Oct 84 p 5

[Text] In response to an invitation extended by Commander in Chief Fidel Castro Ruz, the president of the Councils of State and Ministers of the Republic of Cuba, a delegation from Burkina Faso paid an official friendly visit to this country from 25 to 30 September 1984. The delegation was headed by the president of the National Council of the Revolution, the president of Faso and chief of the country's revolutionary government, Capt Thomas Sankara.

During its stay in Cuba the Burkinabe delegation was hosted by Comrade Fidel Castro, president of the Councils of State and Ministers, who headed the Cuban delegation, which also consisted of:

--Carlos Rafael Rodriguez, member of the Politburo and vice president of the Councils of State and Ministers.

--Sergio del Valle, member of the Politburo and minister of public health.

--Jesus Montane, alternate member of the Politburo and member of its secretariat.

--Jose Ramon Fernandez, member of the Central Committee and vice president of the Council of Ministers.

--Isidoro Malmierca, member of the Central Committee and minister of foreign relations.

--Hector Rodriguez Llompart, member of the Central Committee and minister president of the State Committee for Economic Cooperation.

--Manuel Agramonte, Cuban ambassador in Burkina Faso.

The Burkinabe delegation, chaired by Comrade Thomas Sanakra, the president of the National Council of the Revolution, also comprised the following members:

--Basile Laetare Guissou, minister of foreign affairs and cooperation.

--Medical Commander Abdoul Salam Kabore, minister of health.

--Lt Mousa Diallo, member of the National Council of the Revolution (NCR).

--Lt Kilmite Hien, national assistant secretary general of the CDR's [Committees for the Defense of the Revolution].

--2nd Lt Michel Kouama, member of the NCR.

--Christophe Saba, member of the NCR.

--Seydou Traore, minister of agriculture and livestock.

--Boureima Campaore, the ambassador from Burkina Faso.

--Juste Tiemtore, director of State protocol.

--Francois-Xavier Konseibo, economic affairs adviser.

--Prosper Vokouma, foreign affairs adviser.

The Cuban and Burkinabe delegations conducted official talks in an atmosphere of friendship and forthright revolutionary understanding. The two sides exchanged views on the world situation and emphasized the current state of bilateral relations, which have been on a sound footing since the revolution of 4 August 1983. In this regard, they stressed their desire to strengthen the recently initiated cooperation between the two peoples, in keeping with the interests and potential of the two sides, and underscored the importance of the agreements signed during the first session of the Joint Intergovernmental Cooperation Committee in Cuba last June.

The Burkinabe delegation emphasized the gains that the Cuban people have achieved in building socialism and their historic significance. In this regard, it reiterated its condemnation of the criminal economic blockade that imperialism has imposed on Cuba.

The delegation from Burkina Faso once again supported the demand that the Cuban territory illegally occupied by the Guantanamo Naval Base be returned.

The president of the NCR and the delegation accompanying him had high esteem for the efforts that the Cuban people are engaged in to guarantee their country's defense in the face of imperialism's increasingly aggressive and hostile policy. Moreover, they underscored Cuba's internationalist contributions to the struggle against oppression, ignorance, poverty and disease in many countries of the so-called Third World.



The Cuban side expressed high esteem for the efforts of the National Council of the Revolution of Burkina Faso to build a more just society and praised the many measures that the council has taken to assure the economic development and social welfare of the people.

The Cuban delegation praised the specific commitment of the sister nation of Burkina Faso, under the just leadership of the NCR and its president, Capt Thomas Sankara, to defend its accomplishments and national sovereignty by confronting with courage and resolve all of the destabilizing maneuvers of imperialism and its regional allies. In addition, it highlighted its firm support for national liberation movements and the just causes taken up by the National Council of the Revolution.

In analyzing the world situation, the two sides expressed identical views on imperialism's responsibility for heightening the tensions and dangers threatening world peace. They reaffirmed the urgent need to halt the arms race, to struggle tirelessly for peace and to prevent the outbreak of a nuclear war that would have disastrous consequences for mankind.

As countries engaged in a common struggle against underdevelopment, Cuba and Burkina Faso both asserted that without peace there can be no talk of development, just as there will be no peace without development. The two sides pointed to the consequences of the arms race not only for world security but also for development, underscoring the enormous amounts of human and material resources that are wasted on the arms race and that could be used for the peaceful development of nations.

In analyzing the major problems of peace and development, the two sides agreed to extend an urgent appeal to all revolutionary and progressive forces on the planet, especially the Movement of Nonaligned Countries, to halt the warlike policies that the imperialist powers seek to impose on the world.

In the economic sphere, the two sides noted their concern over the grave world economic crisis and its particularly adverse impact on the underdeveloped countries. This situation has become a source of heightened tensions and social conflicts; hence, Cuba and Burkina Faso highlighted the urgent need to struggle for the establishment of a new, more just and more equitable international economic order, which can only be a consequence of the struggle by nations, not an act of generosity.

The two delegations examined the situation in Latin America and once again voiced their strong condemnation of the aggressive and interventionist policy of imperialism, which the invasion of Grenada made crudely evident. They reasserted that all of the justifications advanced by the invaders were invalid and untenable and they demanded the immediate withdrawal of the interventionist forces occupying the nation of Grenada.

The two sides reaffirmed their firm solidarity with the people of Nicaragua, who are the victims of imperialism's attempts at destabilization. They denounced the support that imperialism is lending to the counterrevolutionaries operating out of neighboring countries, as well as the repeated acts of hostility and aggression against the Nicaraguan nation, including the illegal mining of its ports and the bombing of its towns and cities.

The two delegations expressed deep concern over the dangers threatening the revolution in the land of Sandino, among them the growing threat of imperialist military intervention. In this regard, Cuba and Burkina Faso feel that the U.S. Government must accept the ruling of the International Court of Justice on 10 May 1984, which called for respect for Nicaragua's right to political sovereignty and for an end to all military and paramilitary activities that violate the principles of international law.

The two delegations reiterated their support for the struggle of the Salvadoran patriots and called for a just and negotiated settlement that provides for the participation of all interested parties, especially the FMLN-FDR [Farabundo Marti National Liberation Front-Revolutionary Democratic Front].

In analyzing the complex conflict in Central America and the dangers it poses to peace, Cuba and Burkina Faso reaffirmed the need to conduct negotiations that would lead to just, peaceful solutions; they therefore hailed the initiatives of the Nicaraguan Government and the efforts of the Contadora Group to this end.

The two sides once again voiced their support for the noble cause of the Puerto Rican people and reaffirmed their solidarity with all peoples in Latin America and the Caribbean who are struggling against the exploitation and poverty that imperialist domination has imposed.

The two delegations examined the situation in Africa and denounced the economic and military cooperation between imperialism and the ignominious racist regime of South Africa. Such cooperation enables this shameful regime not only to survive but also to undertake aggression against the countries of the Line of the Front and Lesotho.

The Cuban and Burkinabe delegations voiced decisive opposition to the system of apartheid that has been implanted in South Africa and Namibia. Furthermore, they expressed their revolutionary solidarity with the valiant struggle of the South African people, led by the African National Congress, against racism and apartheid and for the advent of a free, democratic and just society.

The two delegations demanded the immediate and unconditional withdrawal of South African troops from the Angolan territory that they are illegally occupying, as well as an end to the support they are lending to the counterrevolutionary bands of UNITA [National Union for the Total Independence of Angola]. In this regard, the Burkinabe delegation

had high regard for Cuba's internationalist contribution to the cause of independence and territorial integrity of the People's Republic of Angola and voiced its total support for the Joint Declarations of the Governments of Cuba and Angola on 4 February 1982 and 19 March 1984 because of their importance in achieving peace, full independence for Angola and security in the region.

The two sides reaffirmed their condemnation of the maneuvers by imperialism and the racist South African regime to postpone Namibia's independence. In this regard, they vigorously rejected any attempt to link its independence with the withdrawal of Cuban internationalist troops from Angola, emphasizing that the issue of Cuban troops in Angola is a matter on which the sovereign Angolan State alone must decide. The two delegations indicated that the answer to the problem of Namibia must be based on a strict application of Resolution 433 of the UN Security Council and on the observance of the pertinent resolutions by the Movement of Nonaligned Countries and the OAU. In addition, they reaffirmed their strong support for SWAPO [South-West African People's Organization] as the sole legitimate representative of the Namibian people.

The two delegations condemned the maneuvers and threats of the imperialists against socialist Ethiopia, which dangerously jeopardize peace and stability in the Horn of Africa.

With regard to Chad, the two delegations came out in favor of a settlement that respects the legitimate interests of the people of Chad and the resolutions of the OAU.

Taking up the situation in the Western Sahara, the two sides reaffirmed their support for the Democratic Saharan Arab Republic and hailed its political, diplomatic and military successes. They reaffirmed the need to enforce the resolution of the 29th OAU Summit Conference that urges the two conflicting parties (the Kingdom of Morocco and the Polisario Front) to enter into direct negotiations.

The two parties underscored the importance and usefulness of the Organization of African Unity and the irreplaceable role that it plays in defending the legitimate interests of the African peoples and in furthering independence and national sovereignty. They also reaffirmed their confidence that the organization would be able to overcome the difficulties that it has been facing and once again score victories over its enemies who are trying to divide the countries and peoples of Africa and set them against each other.

Taking up the situation in the Middle East, the Cuban and Burkinabe delegations noted the grave consequences that the problems there entail for regional and world peace. They underscored that the main reason for the worsening situation in the area is the aggressive and expansionist policy of the Zionist State of Israel, supported by imperialism and its allies.

The two parties reaffirmed their conviction that a stable peace is possible in that part of the world only if Israel totally and unconditionally withdraws from the territories it has occupied since 1967 and recognition is accorded the inalienable rights of the Palestinian people, led by their sole legitimate representative, the Palestine Liberation Organization (PLO).

Furthermore, the two delegations voiced their deep concern over Israel's repeated aggression against the Lebanese and Palestinian peoples and declared their solidarity with the just struggle of these peoples against imperialist-Zionist designs.

The two sides expressed their concern over the dire consequences of the conflict between Iran and Iraq and renewed their appeal to these countries to make the efforts needed to achieve an honorable settlement acceptable to both parties.

Cuba and Burkina Faso expressed their revolutionary solidarity with the peoples of Vietnam, Laos and Kampuchea, which are engaged in national reconstruction amid constant hostility from imperialism and its allies. In this regard, they supported the efforts of these countries to create a climate of peace and good neighborliness in Southeast Asia. The two delegations reaffirmed their support for the Korean people in their desire to reunify their country peacefully and in their attempts to do so without any outside interference.

The two delegations highlighted the historic significance of the Movement of Nonaligned Countries and its influential role in the international arena. They therefore advocated the implementation of the final declaration and the resolutions of the Seventh Summit Conference of Chiefs of State and Heads of Government. They both indicated that the activities the movement has undertaken in recent years are proof of the relentless gains of nations in their struggles against imperialism, colonialism, neocolonialism, racism, Zionism and apartheid. Strong support for the principles and goals of the Movement of Nonaligned Countries and close cooperation among its members are more necessary today than ever in this battle for peace and development.

The Cuban and Burkinabe delegations congratulated themselves on the excellent results of the visit and on the brotherly and revolutionary atmosphere in which they conducted their talks, which have helped inestimably to strengthen the revolutionary relations between the two peoples and their revolutions.

Speaking on behalf of the people of Burkina Faso and the National Council of the Revolution, President Thomas Sankara expressed his profound gratitude for the warm and hospitable welcome that he received from the Cuban people and authorities during his stay in the Republic of Cuba. In addition, he expressed his sincere appreciation to the

Council of State of the Republic of Cuba for having awarded the Jose Marti National Order through him to the entire nation of Burkina Faso and its revolution. President Thomas Sankara extended an invitation to Comrade Fidel Castro Ruz, president of the Councils of State and Ministers of the Republic of Cuba, to pay an official friendly visit to Burkina Faso. The invitation was gratefully accepted, and a date will be arranged in due time through diplomatic channels.

8743

CSO: 3248/90



## INTENSIVE GEOLOGICAL RESEARCH UNDER WAY WITH CEMA ASSISTANCE

Havana BOHEMIA in Spanish No 37, 14 Sep 84 pp 32-34

[Article by Rafael Calcines: "The Answer Lies in the Earth"]

[Text] Whether the probabilities of finding sizable deposits of minerals in Cuba are exhausted or whether the earth still holds a surprise is a question which is impossible to answer easily and categorically.

The forecasts, however, seem to be encouraging.

In the last few years the country has been undertaking an intensive geological research program and in this sense its participation in the CEMA standing committee on cooperation in this field has been highly important.

This cooperation includes programs that run the gamut from joint prospecting in the most likely areas of the nations concerned and the introduction of new technology, to matters of standardization in geology, and the conservation and rational use of mineral resources.

The state's interest in this field is obvious because the need to find new sources of raw materials cannot be disregarded if, on the one hand, we are to meet the demands of an expanding economy, and on the other hand we are to reduce imports and even increase our exports.

It can be stated that in Cuba, if we were to discount the areas that contain deposits of nickel, chromium, copper, manganese and some other minerals that the island possesses in huge quantities, there has been a vast lack of information on the resources available in the country.

The possibilities of interesting discoveries, consequently, are held in abeyance, inasmuch as the geological research program demands large quantities of sophisticated materials and technical resources encompassing a wide field of specialization.

The 2d Party Congress programmed a 30 percent increase in the country's geological data base in the 1981-1985 5-year plan.

If this goal is achieved with our efforts alone, it would take at least 20 years to accomplish it, but its implementation has been brought about basically

through the program set forth in the general agreement of cooperation calling for the intensification of geological investigation in Cuba which was signed in Moscow by CEMA members on 18 January 1979.

The principal objectives of the agreement are to increase the sources of raw materials in the country, step up the level of research and upgrade the search and prospecting program.

The agreement also includes the creation of a scientific base for the forecasting of major deposits, an indispensable premise for the development of the industry and the full satisfaction of the needs of CEMA members regarding the principal types of useful minerals.

#### The Work Today

At the present time, prospecting is taking place in five large areas along the entire breadth of the island. This has come to be called the CEMA area.

For example, in Pinar del Rio, 39 Soviet specialists and some 120 Cuban workers and high-level technicians have already completed the geological charting of more than 2,600 sq kms which represent 24 percent of the land scheduled for research in the province.

Indications of pyrite (iron sulfide), barite and polymetallic compounds were discovered there and now they are pinpointing the locations of new deposits with likelier prospects.

With the cooperation of the CSR, more than 2,360 sq kms of land have been studied in Villa Clara, Cienfuegos and Sancti Spiritus. This is 18 percent of the geological charting of the area.

As a result, discoveries were made in Manicavagua that indicated the presence of gold and copper, as well as of likely areas for ornamental rocks, feldspar and ceramics.

The 36 Czechoslovaks and the more than 130 Cubans taking part in the research also identified areas that were likely to contain talc and other nonmetallic minerals in Zaza.

Semiprecious stones and polymetallic anomalies were detected in other places. In the Higuanojo area, indications of organodetritic phosphorite were discovered and the search for copper is also continuing in Sancti Spiritus and Cienfuegos.

In Camaguey, 15 GDR specialists and 189 Cuban technicians and workers completed 15 percent of the geological charting programmed for the area, that is, 2,360 sq kms.

Work there uncovered new traces of chromite, quartzite, silica, asbestos, kaolin and magnesite. In areas showing the greatest prospects, detailed exploration is continuing to pinpoint the locations of the deposits.

Similarly, Hungarian technicians are working side by side with Cuban personnel in the eastern region of the island and Bulgarian specialists will soon join them.

In short, with the joint efforts of the socialist countries, it is expected that during the present decade, 50 percent of the most promising areas in Cuba will be charted.

### Looking to the Sea

The Cuban insular shelf is still unknown. The effort to carry out a geological research of such a vast area demands incalculably greater resources than is required on land, therefore serious studies there will have to await a more advanced stage in our economic development.

Preliminary studies, however, have already taken place in shallower areas.

CEMA methodology was followed to produce an evaluative forecasting survey of the Gulf of Batabano. This encompassed an area of 2,000 sq kms in which reserves of construction materials and traces of wolfram, zircon and other elements were detected.

South of Pinar del Rio, quartz-bearing sand was discovered and on the northern coast, as well as in areas adjacent to the Isle of Youth, clay was found that may be of industrial use.

With the cooperation of GDR specialists, research was conducted in 1983 on marine construction materials and Cuban personnel was trained in the use of equipment and in the methodology for these studies.

### This Is the Beginning

Naturally, results are not just around the corner; the detailed and extensive geological investigations are only the first steps on a long road.

The charting and discovery of some deposits means intensifying exploration, locating of areas, calculating reserves and working according to the country's possibilities and priorities.

The development of the mechanical infrastructure, and the construction of extraction plant and other investments to achieve a cost-effective exploitation of the deposits open up possibilities regarding the expansion of mining activities and the broadening of the country's participation in other spheres of cooperation within CEMA, but it is an enormous effort that will not reach its goal in a few years.

Nevertheless, what has been accomplished to date helps to clarify the opening question in this article. The final answer is in the mountains and valleys, including the ocean floor, and man has gone in search of it.

EGP FOUNDER ANALYZES CAUSES OF REFUGEE FLOW TO MEXICO

Mexico City PROCESO in Spanish No 413, 1 Oct 84 pp 40, 42-45

[Article by Rolando Moran]

[Text] Rolando Moran, founder and commander in chief of the EGP [People's Guerrilla Army]--a member of the URNG [Guatemalan National Revolutionary Unity]--has survived more than 30 years of popular struggle in Guatemala. A militant since he was 17, he experienced the democratic revolution of Juan Jacobo Arbenz in 1954. After its failure, he joined the FAR [Revolutionary Armed Forces] that actively participated in the awakening of the Guatemalan guerrilla movement at the beginning of the 1960's. A friend of "Che" Guevara, he was trained in the heat of the first years of the Cuban Revolution. He continued his struggle despite the brutal repression of the subsequent military governments. He reorganized a guerrilla cell in northwestern Guatemala at the beginning of the 1970's. Author of the "March Document," "Dogma and Revolution" and the Guatemalan part of the book "Las pruebas de fuego" [Trials by Fire] in collaboration with Regis Debray, Moran sent the following text exclusively to PROCESO. In it he makes an exhaustive analysis of the causes and characteristics of the flow of Guatemalan refugees and their indissoluble tie to the Guatemalan revolution.

The purpose of these notes is to consider the nature of the causes and effects of the tragic phenomenon of the migratory explosion of Guatemalan peasantry from northwestern Guatemala to Mexican territory. Unawareness abroad means there is no clear idea of its significance, consequences and importance.

Why does the military government which is in power in Guatemala propose such drastic alternatives to solve the refugee problem?

It is no secret that the government of Mejia Victores suggests the repatriation and massive forced internment or the exile and even complete renunciation of the most valuable wealth the country has: its hardworking sons.

We say repatriation and forced internment because we do not believe at this point that any serious person in good faith believes in the euphemism of model

villages (made to "model" and scale of the strategic villages constructed by the Yankees in South Vietnam) or the guarantees offered by the government of a country where in recent weeks the National University, the top Catholic hierarchy and the APG [Association of Guatemalan Journalists] withdrew from the commission formed to find solutions to mitigate the situation of violence in the country. This was precisely due to a lack of guarantees facing the growing government repression. This is a country about which the report of the National Bipartisan Commission on Central America (the Kissinger Commission) said: "An even more serious obstacle for complete containment of the armed revolt in Guatemala is the brutal behavior of the security forces. They have committed murders in the cities in order to eliminate those who were barely suspected of insurgency. In the rural area, they have killed people indiscriminately in order to repress any sign of support for the guerrilla."

The answer to the question above leads to a series of very important explanations, many of which are unknown and--in our viewpoint--indispensable in order to correctly resolve the problems that stem from the Guatemalan refugees remaining in Mexican territory. In our opinion, the basic solution of the refugee situation cannot be considered separately from the course and outcome of the revolutionary war of liberation that our people fight.

The strange and gloomy alternative that the Guatemalan Government and Army suggest for the 46,000 refugees reflects the basic conflict in Guatemala now. Paradoxically, the 46,000 Guatemalan refugees in Mexico simultaneously represent a need and a threat to the government, the dominant classes and Yankee interests in the country. They represent a need because these peasants are far from being members of the marginal economic sector, unemployed or idle, as some have tried to make them appear. They formed peasant communities in the northwest altiplano as small landowners and migratory semiproletarians. Some of them owned parcels of land--up to 30 hectares--in agricultural colonization zones. They were all active factors in production and in the social and cultural life of their respective circles and communities. The majority are also members of the migratory wage-earning manpower that solves the harvesting problems of the landowners and agro-exporting bourgeoisie of coffee, cane, cotton and cardamom at such low costs that profits double.

They represent a threat because the presence of the refugees abroad is a blot on the foreign image of the government. This in itself condemns the regime for repression, terror, poverty and death. It forced them to abandon their land and submerged all our people in an unprecedented situation on the American continent, very few times seen in any part of the world. Those Indian and ladino peasants who are far from being members of semitribal groups of Indians isolated from society--like many think, not knowing their traits--are a living and conscious expression of the rebellion of the Guatemalan people. They demonstrate with their lives and their attitudes that they are not willing to accept the murderous yoke of the military despots.

They do not have the attitude of submission and fatalism that is attributed to Indian groups. In the midst of their involuntary illiteracy and inability to speak Spanish, they constitute a living and clearly defined expression of social awareness. They are peoples who know the situation Guatemala is going



through, who cannot be tricked by sweet talk, verbal replicas of Columbus' trinkets. On the contrary, they constitute a massive political demonstration, very advanced in its content.

All this explains the stubborn attitude of the Guatemalan Government and Army and the provocations, pressures and blackmail they use to force a solution to the refugee situation based on their conflicting interests without worrying about international law, public opinion and the political cost. They are considered capable of defying all these values knowing they are anointed by the blessings of Yankee imperialism.

We will expand on this a little.

It is true that many circles and people abroad believe that the refugees are a type of peripheral fallout from the revolutionary war in Guatemala despite the reports, testimony and visits by observers to the refugee camps and the story they have told of the atrocities perpetrated through the punitive campaigns of the "kaibiles." Many feel that these peasants were caught by chance in the crossfire between guerrillas and "kaibiles." Not finding a secure place, they chose refuge on Mexican soil. Also through ignorance they have been considered economic emigrants although the causes for such a sudden and massive economic emigration remain inexplicable. There are those like the Argentine aristocratic woman who visited the camps in Mexico last year with Viscount Culross de Culville for the UN Human Rights Commission. After seeing the gnarled hands of a middle-aged "mam" peasant, she commented that one only had to see the hands of the refugees to realize that they were born murderers, capable of any type of violence.

As stated above, the Guatemalan refugees are part of the economically active population of the country. They are also groups of people who are not separated from the political situation in Guatemala. They do not constitute mere objects of the changes that shake Guatemalan society. They are part of a reality unknown by the international public which is so manipulated by interested mass media.

The revolutionary jolts have really reached all the strata of the population in our country and have caused real mutations of social and political awareness in them. This phenomenon is particularly seen in the masses of self-sufficient Indian peasants in the northwest who, for centuries, were considered inert, unaware, passive and submissive masses who would have difficulty playing a major role in their own history. However, that accelerated development of collective civic awareness in these communities which many liberal politicians in the past even considered reserves for the reactionaries effectively took place in a widespread manner, covering all the peasant village communities over the last 25 or 30 years. The profound crisis, the deadend of the dependent capitalist structure of the Guatemalan economy and the chain of political, social and administrative links derived from this explain the revolutionary social blossoming and the release of enormous forces until now contained by the structures that are collapsing.

Within the general situation of class conflicts that have teemed in the complex Guatemalan society for 30 years--more or less the same ones that afflict all

dependent, agro-exporting and underdeveloped capitalist nations--one particular conflict has been developing rapidly in Guatemala. Despite its nature as a conflict, it had a growing influence on all the productive and social relationships in the country. It is the clash between the interests of the new agro-exporting capitalists, the cane, cotton and cardamom growers--the products with prospects for growth and development in the Guatemalan economy--and the cheap manpower constituted by the small landowning and community peasants in the northwest altiplano who, as migratory wage-earners, have been incorporated to the productive system of the agro-exporting plantations on the southern coast.

Before this time, the mechanism of migratory labor using peasants from the altiplano existed on a minor scale, in a localized and complementary way during the coffee harvests on the coffee plantations. Basically the manpower that was used on these farms came from Indian communities living on the borders of the farm, tied to it by a tenant farmer relationship.

The large-scale introduction of cane, cotton and cardamom fields implied the need for large-scale manpower also. The new bureaucratic capitalists or heirs of the traditional landowners, aware of production costs and greedy for excess profits, did not generally develop capitalist production relationships for the export of the new crops. They spread the system already used by the coffee growers, using cheap and temporary manpower living far from their fields in small landowner village communities on the northwest altiplano where the monetary economy was not yet developed. Therefore, they exploited the chance to pay much lower wages than they would have had to pay to groups of agricultural workers living in the region.

The coffee landowners were also adopting these mechanisms so the population of tenant farmers was decreasing and the number of migratory semiproletarians was multiplying.

Generalization of this type of work relationship during the last 30 years had an enormous effect on the ancestral sociopolitical structures, particularly in the self-sufficient peasant communities of the altiplano and western Guatemala.

These communities, formed basically by different ethnic groups of Mayan-Quiche descent, for centuries maintained the community features of a peasant village: self-sufficiency, endogamy, sociopolitical isolation, localism and cultural resistance as an instinctive and natural defense against the exploitation and oppression of the ladino (mestizo) landowners. They preserved the religious, cultural and social values of their ancestors. Their internal political-religious structures, forcibly subjected to the local power of the landowners, upheld their hierarchical values.

All these features and elements suffered a succession of major changes as a result of the conjunction of three external factors that led to basic transformations. However, they did not alter the essence and core features of these communities that, in our opinion, have fortunately maintained their positive nature.

These three factors occurred independently but the three are tied by a close socioeconomic relationship. There is no chronological order about their

appearance and development nor a defined boundary of the geographic extension that each of them reached in national territory. However, the three massively affected most of northwestern Guatemala. Of the three, the economic factor is the catalyst.

First of all, there was the development of partial capitalist production relationships on a large scale with the traits already described. This opened the country to groups and individuals who had been limited to their own community or region. It confronted them with a series of new or unknown sociopolitical phenomena. It implied an accelerated development of collective awareness of the system of exploitation, labor relations and individual and cultural development. Because of the migratory nature of those groups and individuals, it did not hurt their relationship with their community. It did not subject them all the time and inexorably to the capitalist relations of production, consumption and social functioning nor to the atmosphere of oppression and exploitation that occurs on the plantations and in the mestizo and ladino zones. It did not subject them to the servitude of the Western culture that predominates in the zones.

The accumulation of the new experiences, both positive and negative, is transmitted to their native communities, at times individually, at other times through family groups since the migratory manpower includes whole families, parents and children of all ages, in harvesting coffee and cotton. After returning to the village community, the dissemination of the new views on the world and life spreads enormous sociopolitical sensitivity without causing breakups in the cultural and structural spheres, ethnic values and particular idiosyncrasies of those groups. This does occur to a great extent when the proletarianization is absolute and coercive, forced by evictions, economic emigration, unemployment and poverty that affects individuals or small groups. Simplifying and summarizing, we would say that the beginning of proletarianization and the beginning of decomposition of the peasant village communities occur simultaneously without massive displacement of population and without direct confrontations.

Secondly, the development of the evangelization by the Christian missionaries has also had an effect in this period. This acquired vast dimensions as a reflection and direct result of the birth of liberation theology with its profound social context. This work which seeks to merge with the exploited masses of the people and transmit to them a Christian view of life, coexistence and justice fits in with the spiritual needs of the peasant masses who awaken to the light of the new economic relations. The evangelizing mission interprets the realities of the masses and, at the same time, enriches its message with the direct experiences of the conflicts and inequalities that it witnesses. The Christian work immediately takes root and spreads. It stops and cancels out the paralyzing and harmful influence of the religious activity advocated before by the church hierarchy that favored and justified the power of the exploiters and the pro-Western moral and cultural values of the dominant classes. The result is the generalized social and civic receptivity of the peasant masses and the loosening of their ties of submission to the local political and economic power. Equally important are the reevaluation and recognition of factors of ethnic identity.

Third, as a decisive factor, the rise of the revolutionary guerrilla movement also occurred in this period. With its objectives of national liberation, elimination of exploitation, repression and oppression, demand for sovereignty and reconstruction of society, reevaluation of the ethnic-national composition of Guatemalan society and its crushing strategy and political-military action, it adds to and complements the demands and needs of the rising masses whose social awakening and economic development propel them to instinctively seek a political outlet to channel and carry out their historical impetus to transform society. The statements and projections coincide and are complemented not only by the class affinity of interests involved but because the adverse factors--the components of the repressive, dependent, underdeveloped and semicolonial state--aligned themselves, despite their natural conflicts, in a savagely repressive, discriminating, despotic and reactionary bloc which clings to its anachronistic system of privileges like a dinosaur and proceeds as stupidly and brutally as the dinosaur did in its dying days.

These are the components of the general situation in which the Guatemalan refugees are a vital element, not a residual element.

We are aware that many people, many circles do not know these details. There will be others who do not understand them and still others who do not believe us. They are the ones who still have the schematic images that complicate solutions to the practical problems. We are firmly convinced that if these considerations were taken into account, there would be the basis for judgment to permit the elaboration of varied alternatives that make treatment of the refugee problem viable as a process closely tied to the development of the Guatemalan revolution.

This is not because the refugees are subversive as the Guatemalan guerrillas and their henchmen proclaim and some echo abroad. It is because they are part of a people who not only have experienced mutations in their social awareness and their ideology but have been witnesses and collective participants in years of revolutionary struggle and are filled by those vitalizing experiences.

The peasantry of the Guatemalan northwestern altiplano has not only experienced transformations by direct influence of the factors mentioned. Most of them have been participants on different quantitative and qualitative levels in the revolutionary struggles of the Guatemalan people in recent years and beneficiaries of achievements from this struggle. The reduction and almost disappearance from large areas of this zone of the local landowning, oppressive, discriminating and plundering power released many social forces and permitted entire populations to assume the political, social and administrative leadership of their own communities. It permitted them to communicate and relate to each other, break the ancestral isolation and overthrow the local power without losing their values. This, in turn, made it possible for the different national ethnic groups to affirm their identity and their cultural values and recognize and respect each other's without these elements of reaffirmation being counterposed to the factors of progress in modern society. These can be enjoyed and even developed without having to alienate the personality of the individual or the community.



These elements of social awareness were in their initial stage of development and organizational expression in the communities that were leveled, wiped out or persecuted by the fire and bombs of the "kaibiles." This infernal terror unleashed by the dominant classes contains not only unprecedented cruelty and class hatred but a savage economic logic. It involves subjecting the population by force and terror to the decrepit landowning, agro-exporting system from which it has begun to liberate itself or else exterminating or banishing those it cannot subjugate--who resist inside and outside the country--in its attempt to spread this exploitation.

In short, the Guatemalan refugees constitute an embryonic part of our future society. The long years of coexistence with the revolutionary struggle in our fatherland has forged distinctive features of awareness and attitude in them that differentiate them from their ancestors. Their migration to Mexican soil does not merely obey an instinct to save their lives. It responds to a notion of historic responsibility, saving their lives and preserving their integrity as people and as communities, not permitting themselves to be massacred or subjugated, keeping their administrative, social, educational and cultural structures safe from the oppression and terror of the "kaibiles" and preserving the prospect of returning to their liberated land, to a life without terror or repression.

This degree of awareness of the Guatemalan refugees is perfectly visible and the officials in the different Mexican and international entities who have taken care of them know it very well. They are illiterate and many of them do not speak Spanish because their awareness has advanced faster than their education. They suffer from malnutrition but they maintain their integrity, their right to resist the oppressor, with dignity and firmness. They have shown signs of a high degree of public spirit and collective responsibility. It is hard to find a similar case in which 46,000 or more refugees, persecuted, martyred and sick, have shown such exemplary behavior in a foreign land, have maintained complete respect for the laws and norms of another country so uniformly, extensively and constantly. It is hard to find cases of such restrained and serene mass behavior, even facing occasional abuses and outrages by local authorities, or such a high degree of self-organization and self-discipline, especially considering that it involves organizing collective life and the distribution of vital resources for thousands of human beings originally members of different communities. These conditions could naturally lead to conflicts, criminal acts, clashes and internal squabbles. They are not a great uniform mass of "refugees." They are men and women, citizens with a high degree of public spirit and political awareness, who want to return to their land when it is free of murderers.

The complex scene of the Guatemalan sociopolitical reality includes other important and significant changes which possibly are not as vital to the economic structure. They are on other planes of the production relationships and the structural conflicts of society which they affect or on planes that other class sectors participate in like the problem of the agricultural and industrial workers, the urban middle classes, the small and medium tradesmen and businessmen, the broad sectors of urban residents and the intellectuals and professionals. They all continue to be increasingly stricken by the economic crisis and



the irrational savagery of the political repression. It is not the intention of these notes, however, to discuss the characteristic problems of all sectors of the Guatemalan social and political scene on which the revolutionary guerrilla struggle that the URNG carries out is based and supported.

These notes, as I said at the beginning, try to focus only on that sector of the Guatemalan population that forms the mass of refugees in Mexican territory. Their problem has become open after the premeditated and criminal provocation of the Guatemalan Army when it raided the El Chupadero Camp on 30 April 1984.

The immediate problem of the Guatemalan refugees in Mexico is a serious one for the Mexican state and society due to its magnitude and significance. We Guatemalan revolutionaries feel a great responsibility. We are ready to cooperate as much as possible to find alternatives that help solve the problems of the refugees with complete respect for the interests and rights of the Mexican state and people. Therefore, we feel that, in addition to taking into account the factors of the security, well-being and material stability of the refugees, these must merge with the factors of cultural integrity, social organization and national civic awareness of those thousands of Guatemalan peasants who continue to pulsate to the beat of the sociopolitical events in their fatherland. They do not plan to renounce their national identity, their community organization, their culture or the historic perspective of their people. They do not want to belong to Mexican society although they have been received with solidarity and understanding. To force them to do this would not be a solution. They live attentive to what is happening in their fatherland, to the expectations of the development of the struggle of their compatriots who fight a revolutionary war here to transform the entire country.

When the nature of the state of Guatemala changes, when the revolutionary and popular cause of the Guatemalan people triumphs and the institutional future of our country is channeled within the framework of the Five Programmatic Points of the URNG, the conditions will exist for an in-depth and final solution to the refugee problem. It is a responsibility and a duty of the revolutionary organizations in the URNG to accelerate that process as much as possible. One of the many objectives expressed in the revolutionary program is to carry out a complete, just and final solution to the problem of the Guatemalan refugees in Mexican territory and unburden the Mexican people and state from that complicated responsibility.

7717

CSO: 3248/49

## CHANGES IN TUC LEADERSHIP CONTINUE TO BE WIDELY ASSESSED

### Course of Talks With Government

Georgetown MIRROR in English 21 Oct 84 pp 1, 4

[Text] When the Executive Council of the Guyana Trades Union Congress, elected at last month's 31st Annual Conference, meets tomorrow at a special session, it will be considering proposals from a technical committee, that would be used in wages and salaries negotiations with government.

Tomorrow's meeting is the third since the elections and the question of increased wages and salaries has been high up on the agenda. Sources say the TUC has written government requesting a meeting next week, possibly Friday, October 26, to continue negotiations. The last time the two sides met was on September 20 last. Since then there has been a 10 per cent devaluation of the Guyana dollar. The new negotiating team selected by the TUC includes George Daniels (Head), Joseph Pollydore, Clive Thomas, Leslie Melville, Gordon Todd, James Dastajir, Samuel Walker, P. A. Sancho, Frank Andrews, S. Thorne, L. Lewis and a GTU rep.

At most, the technical committee headed by former Principal Assistant Secretary, Leslie Melville, could come up with a stronger resolve to press for nothing less than \$25. per day as the minimum negotiating level. While strong terms were used to describe the recent devaluation by members of the Ex-Co., it is unlikely that this could lead to any significant shift from the present stance.

As was indicated by TUC General Secretary Joseph Pollydore, "not much progress has been made towards reaching an agreement on the TUC's claim for a minimum wage of \$30. per day." The General Secretary, at the last TUC Conference urged the TUC not to be "inflexibly tied to the figure of \$30. daily." Subsequently, it seems that the TUC thought it more practical to bargain for \$25. per day.

It remains to be seen what influence this new Executive has in making the government budge from its position of offering only \$14.23 per day as the minimum for public sector employees. So far, said Pollydore, the "major obstacle in the way of reaching an agreement is the insistence by the Minister of Finance that the TUC must show ways and means of financing the

deficit above the wages increase the government is prepared to meet." It is understood the government has allocated an amount of \$75. million for disbursements as increased wages and salaries and would not go beyond. Should this situation continue, the TUC might be forced into what the General Secretary hinted: that the insistence "could lead to a number of straight questions regarding the extent, if any, to which the unions and workers are culpable for the present precarious state of the country's economy."

Who will budge now depends on the TUC. The new executive is faced, right from the beginning, with a severe test to prove itself worthy of the victory scored at the elections when the 29-year monopoly of PNC control of that body was smashed. The recent devaluation causing the cost of living to jump even higher has raised workers' expectations for a wage more in tune with current prices.

It is understood that there are certain obstacles in the way of proper negotiating positions. Objections are still being raised to the presence of government Ministers at Executive meetings while TUC tactics are being discussed. Manpower Minister, Kenneth Denny, while he lost his position of Organising Secretary to Lincoln Lewis managed to get enough votes to sit on the Executive Council. Denny is also a key man in the TUC negotiating team. Which interest will he uphold? That of the workers or the employers.

With the cost of living skyrocketing and the possibility of yet another deal between the government and the International Monetary Fund, the position of the workers will be further eroded. Despite appeals from the authorities, prices have gone up after the devaluation, the local market still being dominated by supply and demand forces. While the government has been appealing for taxi drivers not to increase fares, the price of gasoline has increased.

The regime argues that devaluation would help its exports to be more competitive. The fallacy in this position is that devaluation would cause an increase in cost of production of the same export commodities, increase in cost of living, more dissatisfaction, and consequently lower production. From all quarters, calls are being made for the regime not to accept IMF terms or any such actions. While the regime plays the game of saying the IMF terms are 'unacceptable' it is, by its own accord (at least on the surface) implementing these same measures. The devaluation is a clear example. By fixing the exchange rate of the Guyana dollar on a weekly basis, the rate, should the American currency continue to gain strength, could reach the level of approximately \$6.00 to US\$1.00, as demanded by the IMF. (Last week the rate moved up from \$4.12 to \$4.15 for one US dollar.)

Since the IMF pulled out of Guyana it has been making more stringent demands for Guyana to qualify for a line of credit said to be about US\$250. million (details of the talks are being kept secret). But a review of the situation has shown that in the past months similar measures have been implemented. It is speculated that due to pressures the government is trying to meet these demands so that they can get the loans, or a guarantee for loans, to balance next year's budget. The IMF-like measures implemented include:

- The price of sugar has been increased (this list was taken from the Conference Report of TUC General Secretary, Joseph Pollydore);
- Electricity charges have been increased;
- Fuel price has increased;
- Price of rice sold locally has been progressively increasing;
- The Guyana dollar has been devalued;
- The sale of rice by private millers has been authorised;
- Wages and salaries remain stagnant;
- The bauxite industry has not been handed over to foreign agencies (as demanded by the IMF and others along with other nationalised industries--Ed.). But there has been an input of foreign personnel and/or technology in the management and operations of the industry.

#### Union Evaluations

Georgetown MIRROR in English 21 Oct 84 pp 2-3

[Text] The changes in the TUC and its meaning and possibilities are being discussed at membership meetings of a number of unions affiliated to the TUC. Workers are happy over the changes, but they are also apprehensive about possible PNC moves to subvert the institution. Militant unions are on the alert over this possibility.

At Linden, the leadership of the Guyana Mine Workers' Union has summoned a general members meeting at the Union Hall in the Township for Tuesday October 23, 1984. All Branches in the Linden area have been invited to participate.

On the Waterfront in Georgetown, dockers and stevedores welcome the changes in the TUC and stressed that they now expect the TUC to look into their plight.

Owing to the paucity of ships coming to Guyana due to the government's import ban policy, these workers are under-employed. They are calling for alternative work to be provided them when ships are not in port and are critical of the Guyana Labour Union's failures in this respect.

#### Church Congratulations

Georgetown MIRROR in English 21 Oct 84 p 4

[Text] The Guyana Council of Churches (GCC) has extended congratulations to new TUC President George Daniels, and is urging him to open a dialogue with the Church. This was contained in a press release issued by the GCC recently following a meeting of its executive committee.

The press release contained the copy of a letter written to Mr. Daniels which says:

'On behalf of the executive committee of the Guyana Council of Churches, may I extend our best wishes to you and your new executive committee on your recent election to office.

'The TUC along with the Churches and other bodies dedicated to promoting human dignity, has a responsibility to protect the ordinary man and woman against dehumanising economic and social influences.

'We feel very confident that under your guidance, the TUC will demonstrate vigorous concern for the living standards of the working population in these difficult times.

'We hope the opportunity may arise in the near future for an exchange of views between your executive and the Guyana Council of Churches on matters of mutual interest.'

The letter bears the signature of George Richmond, Chairman.

#### Reinstatement of GMWU Officers

Georgetown CATHOLIC STANDARD in English 21 Oct 84 p 4

[Text]

FOUR TOP officials of the Guyana Mine Workers Union who were restrained by court injunction from representing their union at the recent Annual Delegates Meeting and from holding office in their union, had the injunction lifted by Justice Harper on Wed. Oct. 10 and are now back at work.

They claimed that irreparable damage had been done by their not being able to represent their union at the Conference.

The application for the injunction was made by four members of the union late on the Sat. morning of the weekend when voting was to take place and they had no time to file a defence.

In their application for the injunction the four members submitted that the officials could no longer hold office or represent their union since the President, Stephen Lewis, had retired, and 1st Vice President, M. Wilson, Treasurer, M. Thompson, and Principal As-

sistant Secretary, E. Shortt, had been retrenched.

They quoted the Union rule that the union is open to all persons ... who are employed directly or indirectly in mining, kindred metal and other related industries.

Attorney-at-Law Richard Fields, for the officials, responded that the rule merely established qualifications for joining the union and had nothing to do with continued membership.

Loss of employment with the company, he said, did not terminate membership as according to Rule 3(m) "The Executive Council shall be empowered to reduce or waive the contribution of unemployed members".

In fact, he said, the Executive Council had not waived the officials' contributions and they continued to be financial members.

Moreover, he said, the President and Treasurer were full-time paid employees of the union, and the



Vice President was a contractor supplying wallaba poles to Guymine.

If members of the union automatically lost membership on being retrenched, the union would not be in a position to question the retrenchment on their behalf, which the union was in fact doing.

The four union members had also claimed that the four officials had extended their term of office till Oct. 1985 by postponing Central Committee elections which should have been held in Oct. 1984.

Mr. Fields denied this statement. The Central Committee was not due to meet till Oct. 1985.

The officials, on the other hand, claimed that the four unionists had acted in bad faith by waiting until the last possible time before the TUC meeting before applying for an injunction.

The members must have known about the officials ceasing to be employed by the company over a year ago and that they normally would represent the union at the TUC Delegates Meeting.

### Burnham at GLU Congress

Georgetown SUNDAY CHRONICLE in English 21 Oct 84 p 1

[Text]

ABOUT 300 delegates and observers are expected at the Sophia Auditorium on November 9 when President Forbes Burnham, as President-General of the Guyana Labour Union delivers the feature address at the 16th Biennial Delegates' Congress of the GLU.

The congress aims "to heighten the awareness of GLU members about the economic situation which the country faces today and to seek to inculcate the need

for increased efficiency, productivity and production in work places," a GLU release said.

The event will serve as a stock-taking time for the union and as an occasion when there will be thoughts, suggestions and resolutions for the future, the release added.

Delegates will convene on October 31 and then reconvene for the main event which will take place from November 9 to 12.

The GLU which started

about 65 years ago is expecting delegates from trade unions in a number of friendly countries including Bulgaria, China, Nicaragua, Belgium, the Democratic People's Republic of Korea, the Soviet Union and the German Democratic Republic.

The GLU is also the first trade union in the English-speaking Caribbean and has 40 branches of more than 50 workers each. It represents workers in about 50 different entities. (GNA).

### Government Response

Georgetown OPEN WORD in English 22 Oct 84 pp 1, 4

[Text] The ruling party is planning how to deal with the TUC labour cabinet resulting from the September revolt at the last Congress. It is now suggested that the government will suddenly impose a solution, while the new team is still working out its position.

However, the new executive has not been idle. It is anxious not to be blamed for any delay in the payout expected by the public sector workers. At the same time it is likely to insist that any settlement bears some relation to the leaping cost of living which has reduced the mass of workers to economic bondage.

Sources close to the labour movement say that on October 5, some days after the election upset, President Burnham summoned the newly elected TUC

President, Mr George Daniels, for an undisclosed purpose, no doubt for a command courtesy call. GPSU executives, fearing an arrest of their comra encamped themselves outside the meeting place until they ensured his safety. Mr Burnham may have called the President in to test his mettle and to try and detach him from his team.

The new executive, on the other hand, seems to be bent on team work. It is known that they have been working out negotiating positions for an early meeting with the authorities.

OPEN WORD is aware of the argument of the ruling party that there is no money to make more than a limited offer. The government's 5 percent offer will take the mass of workers up to \$13.54 per day, still 46 cents less than the agreed 1979 minimum wage of \$14 abolished by the 1984 Labour Amendment Act.

The inflation, or ongoing price increase, has been one-sided. Normally when prices are rising, wages rise in an effort to keep up with prices so as to avoid distress. In Guyana this has not happened. Only the salaries and allowances of a few high executives, ministers and senior management have had any movement upward in the past three years.

Inflation puts extra money in the pockets of business people and the state which in Guyana reaps a harvest in consumption taxes. Inflation creates a pool of extra funds from the new market prices. Under a proper management some of it is creamed off to compensate employees for the higher prices they face all round. This has not happened in Guyana where the police take the place of policy.

Here the state will say, why fight for more money when it will only make prices rise higher still? The workers have no power over prices. All they are doing is demanding more money to catch up with prices long after they jumped skyhigh.

Most citizens are forced to cover the higher market prices with the old supply of cash, to pay for higher-valued goods and services, interest rates, deposits for text books, donations to free education, defence bonds purchases, high house rents and pay all sorts of fines outside the jurisdiction of the courts.

The working people are beggared in a hundred ways. In most countries there is a lag between rising prices and rising wages. In Guyana, there is a record lag before the start of the negotiations. Even though the all powerful President of Guyana said on May Day that wage increase would date from January 1, there is as yet no settlement. Interest rates are passed on to the workers but the state will pay no interest on the arrears of wages.

OPEN WORD has noted the fact that the state-owned press and radio, both manned by affiliates of the TUC, are paying not the slightest notice to the new Executive Council.

Workers should keep close to their unions, the only source now of exact information. They should also prepare for a possible challenge from the government.

## ANNIVERSARY POINTS UP SHORTCOMINGS OF NATIONAL SERVICE

Georgetown CATHOLIC STANDARD in English 21 Oct 84 p 2

[Editorial: "No Success Story"]

[Text]

WHEN the Guyana National Service was launched ten years ago as the brainchild of President Burnham, one of its most important aims was declared to be the training of our Guyanese youth.

Wrong attitudes to work, especially manual labour, were to be changed, the various races were to be taught to live together in harmony, and discipline was to be inculcated - all laudable aims.

However, the GNS was also to be politicised - to lend support to the ruling party, and militarized - to provide training in the use of firearms - both objectionable features.

From this training the new Guyana man was expected to emerge to burst open the hinterland and exploit its riches.

Next in importance came production. The GNS would aim not only at self-sufficiency, but also at helping to feed, clothe and house the nation.

But this training is costly. In the first year \$30 million were spent and this year \$30 million have been budgeted for the GNS.

Given the need to reduce this cost, as the nation's economy headed for bankruptcy, it was not long before production took precedence over training.

New tasks were unloaded by the political directorate on the Service and targets were set far beyond its capacity.

Cotton had to be produced to meet the needs of the newly built Sana-ta Textile Mill; stone had to be quarried and crushed for our roads and sea defences and uniforms and furniture had to be made for the GNS and the schools.

With much fanfare a toothpick, clothes peg and clothes hanger factory was opened near Tumatumari.

The Service also acquired its own printery and started mining gold.

The young people were expected to run all these enterprises, as well as feed themselves by rearing cattle, pigs and poultry and growing blackeye peas and other crops.

As early as 1976, the then Director General Norman McLean in his Annual Report sounded a warning: "Training," he wrote, "is the most important aspect in the role of the National Service. Unfortunately, we have given priority to production ... This approach seems to be the worse one and we will lose in both areas."

Prophetic words! Production has suffered. Few, if any, of the projects are at present economically viable.

Cotton production has virtually come to a standstill, while research is undertaken at this late stage to discover means of improving yields.

The crushing plants in the stone quarries were down for eight months this year for want of spare parts.

The hydro-electric plant at Tumatumari, on which the garment, toothpick and other factories depend, was not functioning for three months and is now only partly in operation.

Food production has fared better, but large food subsidies are still required.

Training has suffered most. In youth training, whenever heavy emphasis is placed on production, the young people tend to be used merely as cheap labour.

This is noticeable in our schools where students are now expected to earn \$8 million in their production drive.

This is the feeling of many university and other post-secondary students who are forced to do National Service if they want to continue with their degrees or scholarships.

For the most part their training consists of drilling and hard manual labour.

On the other hand, in our contacts with the GNS over the years we have found the officers very dedicated and conscientious in their efforts to get the best training for their charges with all the handicaps placed in their way of achieving this.

In this its tenth anniversary the National Service needs urgently to be reassessed to determine whether it is really worth the effort and the expense. .

CSO: 3298/141

PNC INDICATES INTEREST IN, CONCERN FOR REGIONS

Chandisingh Visits

Georgetown NEW NATION in English 21 Oct 84 p 2

[Text] General Secretary of the People's National Congress, Cde Ranji Chandisingh, has begun a series of visits to the various Regional sections of the Party as part of a familiarisation programme.

During these visits, Cde Chandisingh takes the opportunity to meet the Party officials at the levels of the various sub-divisions of the Party, for discussions pertaining to their daily duties and to get information on the factors affecting their operations.

The Cde General Secretary also takes the opportunity to get acquainted with the various Neighbourhood offices and to get a first-hand look at the facilities there.

Last week, Cde Chandisingh visited the various Neighbourhoods in the Lower East Coast, Demerara. His first stop was the Mahaica Neighbourhood office. Other offices visited were those at Nabaclis, Enmore, the Paradise Regional Office, and the Neighbourhood offices at Buxton, Lusignan, Beterverwagting, Better Hope and Plaisance.

At Melanie Damishana, in addition to his meeting with the Party workers there, Cde Chandisingh took a first-hand look at the rice cultivation along the Elizabeth Hall Public Road.

Yesterday, Cde Chandisingh was scheduled to visit the Cassava Flour Mill at Parika-Look Out, another project sponsored by the People's National Congress and the Neighbourhood Office at Salem.

He was also scheduled to meet with the Party officials at the Regional Supervisor's Office, Den Amstel.

Cde Chandisingh will be visiting other Regions in the near future.



## District Conference Snarl

Georgetown NEW NATION in English 21 Oct 84 p 2

[Text] Poor transportation facilities and inadequate communication forced the contraction of the two-day Annai/Karadamau district conference and prevented a large percentage of the delegates, including the guest speaker, from attending.

The delegates subsequently passed a motion calling for the establishment of two sub-districts and further called for the appointment of a District Coordinator and a Field Officer to each district. The conference was held at the Sand Creek Primary School, some 160 kilometres from Lethem.

According to reports the rainy season is now on and travelling to the various location becomes difficult. Access can only be had by horseback and by tractor. In addition, a number of creeks, swamps and the majestic Rupununi river, has to be crossed.

Parliamentary Secretary in Ministry of Education, Cde Donald Ainsworth, who was scheduled to address the conference, was unable to complete the 36-hour journey and the handful of delegates who did make it, moved a motion for two sub-districts to be established in order to ensure greater and more meaningful participation.

Previously, the area was divided into two districts, supervised by Annai in the north, and the other by Aishalton in the south. This system may have to be reverted to.

Meanwhile, Cde Lawrence Joseph, has been elected chairman; Patrick Gomes, Secretary; Matthew Aguillar, Treasurer; and Cdes Fred Allicock and Fred Atkinson, committee members.

Regional Supervisor, Cde Patricia Fredericks, who installed the officers, called on the new executive to work hard and honestly, in the interest of the community and to place emphasis on establishing economic projects to generate income for development projects in the Sub-Region.

## Annual Conference Plans

Georgetown NEW NATION in English 21 Oct 84 p 2

[Text] The Secretariat of the People's National Congress has completed the programme for the annual Regional conferences, the first of which are scheduled to begin November 3.

This year the conferences, which are usually held over two days, will have as their theme "Freedom, Ours to Cherish-Ours to Defend" and will concentrate on those matters that affect the Regional programme. There is also to be the election of office-bearers for the ensuing year.

The conferences for Region One and Region Two are scheduled to begin November 24 at the Mabaruma Primary School and at the Anna Regina Multilateral School, respectively.

Regions Seven, Eight and Nine will begin their conferences on November 24 at the Bartica Community High School, at Mahdia Primary School and at Annai Primary School, respectively.

Regions Three and Five will begin their conferences on November 3, at St John's Community High School and at Bygeval Multilateral School respectively while Region Four and Region Ten will begin their conferences the following week-end, at Queen's College and at the Mackenzie High School.

CSO: 3298/141

GRENADA EVENTS SHOW NATION CAN'T SURVIVE INTERNAL STRIFE

Georgetown NEW NATION in English 21 Oct 84 p 4

[Editorial: "Guyana Cannot Afford Internal Strife"]

[Excerpts] Friday marked the first anniversary of the death of Maurice Bishop following a power struggle within the Central Committee of the New Jewel Movement. It also marked the first anniversary of that event that led to Grenada being forced back at gunpoint to a state of colonialism.

Progress under Socialism could not be tolerated by the hemispheric superpower of the north since such progress would have helped shatter the myth about Socialist progress being impossible. The result? An invasion and the use of force to turn Grenada around.

Today the situation in Grenada is grim. Unemployment is once more rising and the basic freedoms of the people are being denied.

Leader of the People's National Congress and an architect of Caricom, Cde Forbes Burnham, in an address at a rally to denounce the invasion of Grenada, stressed the need for countries to adhere to the principles of non-intervention and to respect of the sovereignty of nations.

He also highlighted the need for unity among developing states, a unity that was lacking during the Grenada crisis; a unity that disappeared because of jealousy at Grenada's development under Socialism.

More importantly, he threatened strong action against any attempt by some within the Party to fragment the Socialist-oriented People's National Congress in their quest for self-glorification.

As he noted, it was such an attempt that hastened the invasion of Grenada.

Guyana, a country that has been singled out for destabilisation, cannot for one moment afford the madness of internal strife. Nor can it afford to forget the lesson of Grenada; a bloody lesson.

As many Grenadians still feel, the process of development is much more important than seeking to adhere to the whims of those who wish to rule the world.

CSO: 3298/141

## BRIEFS

HOYTE ON RELIGIOUS FREEDOM--NEW AMSTERDAM (GNA)--Prime Minister Desmond Hoyte Sunday night said that Guyanese are free to worship as allowed by the National Constitution which give all religious groups equal right to worship. The Prime Minister was speaking at the opening of a Kali cultural fair at Albion Sports Complex, Corentyne, to mark the third anniversary of the Kali organisation in Berbice. Cde Hoyte noted that in the past Christianity was given prominence while other religious groups were viewed with suspicion and some could not worship in public. He told the large crowd that in the new Constitution, all are free to engage their religious worship and the Government has given equal importance to religious groups in the country. [Text] [Georgetown GUYANA CHRONICLE in English 8 Oct 84 p 1]

REGION 10 EXODUS--LINDEN, (G.I.S.)--The Region 10 Regional Democratic Council is worried about the number of persons leaving the Regional Administration for jobs at other agencies in the Region. At a recent meeting of the Council, Clerk of the Council, Cde. Ovid Morrison, who is also Regional Executive Officer tabled and had approved a motion seeking the Council's permission to have dialogue with the Public Service Ministry about the matter. Cde. Morrison noted that the situation has become serious. It is believed, he said, that workers are leaving the Regional Administration, to work elsewhere in the Region because of higher salaries and more job benefits being offered by the agencies. "This situation is also the result of a shortage of qualified persons in the Region", he lamented. Cde. Morrison plans to work out with the Public Service Ministry a package deal that will not only attract workers to the Regional Administration, but also ensure that they remain on the job for some time. [Text] [Georgetown GUYANA CHRONICLE in English 13 Oct 84 pp 4-5]

SUGAR STRIKES--THE Guyana Sugar Corporation Limited (Guysuco) yesterday called on workers to refrain from staging ~~strikes~~, noting that this practice could not help either the workers, the industry or the nation. The call was made in a release which earlier noted that Guysuco in its 12th week of production continued to be plagued with unseasonal weather and work stoppages. The workers at Albion were on strike for the greater part of the week. Skeldon, apart from the absence of harvesters also had a strike which severely hampered production. The industry produced 6 140 tons of sugar for the week, representing 61 per cent of the week's estimate. Production for the crop now stands at 76715 tons--a 73,4 per cent achievement of the crop's estimate to date. Rose Hall with an achievement of 97,2 per cent gained honourable mention while Enmore and L.B.I. gained creditable performances on the honours roll scheme. [Text] [Georgetown GUYANA CHRONICLE in English 14 Oct 84 p 3]

BAUXITE SALE--Representatives of Alcan paid a short visit to Guyana recently and offered to accept metal grade bauxite, of which Guyana has a surplus, in payment of compensation monies due, according to reports. The offer is said to be a very attractive one for Guyana, and Guymine has up to the end of the year to respond to the offer. The Demerara Bauxite Co. which was owned by Alcan was nationalised in 1971, and Guyana is still paying compensation for the takeover. [Text] [Georgetown CATHOLIC STANDARD in English 21 Oct 84 p 1]

NEW EXCHANGE RATE--A new exchange rate of \$4.25 to \$1.00 (US) has been set by the Bank of Guyana. The past week's data from international currency markets were assessed to arrive at the new figure intended to anticipate movements, in the coming week, of the five basket currencies against the US dollar which is the intervention currency. The new rate is applicable from today-Friday, October 26. The local Central Bank fixes the local exchange rate to the US dollar every Friday for the succeeding seven days. This arrangement was put into effect by the [word illegible] activation of the currency basket mechanism from October 6. (GNA) [Text] [Georgetown GUYANA CHRONICLE in English 20 Oct 84 p 1]

SUGAR SHORTFALL--Production in the sugar industry worsened during the week as the accumulated effects of heavy and unseasonal rainfall took its toll. As conditions grew worse, most estates, especially in the Demerara region, suffered from prolonged out-of-cane periods. Productions of 5,555 tons of sugar this week reflected 55.2 per cent of the week's estimate and brought the crop's total to 82,270 tons, being 71.8 per cent of the estimated total as at last weekend. Rose Hall estate with a production figure of 1,035 tons of sugar, 82.8 per cent of its estimate for the week, gained a creditable performance rating. Workers on that location earned one day's pay at the end of the third four-week incentive period. Mechanical problems at Rose Hall, Blairmont and Enmore along with work stoppages at Skeldon, Albion, Blairmont and Enmore also disturbed sugar production during the week. [Text] [Georgetown SUNDAY CHRONICLE in English 21 Oct 84 p 1]

CSO: 1298/141



ECONOMIC ISSUES EVALUATED; SEAGA AFFIRMS GOVERNMENT POLICIES

PNP Call for Change

Kingston THE DAILY GLEANER in English 11 Oct 84 p 1

[Text] The President of the People's National Party, Mr Michael Manley, has called on the Government to modify its economic programme and renegotiate certain terms of the Agreement with the International Monetary Fund before it is too late.

Mr Manley, emerging refreshed from a two-week sick leave, issued the call at a press conference at the P.N.P. Headquarters yesterday before departing for Columbia University, New York, to continue his series of lectures and attend a meeting of Socialist International.

He extended thanks to those who had sent several messages of goodwill and wishes of speedy recovery during his sick leave. However, he said, he was deeply concerned that the country was once again in a position where it could not be discovered whether the latest I.M.F. test had been passed or not.

Mr Manley said he was also concerned that under the terms of the I.M.F. Agreement there was likely to be "a substantial increase" in the price of gas at some time in the near future.

The effect of the auction system would create continuing devaluations of the Jamaican dollar, which was causing unbearable hardships for the Jamaica people and also impossible difficulties for the business community, he added.

In addition, he said that the effect of the drastic credit squeeze was curtailing economic activities at a time when the country desperately needed increased production.

"It is clear that these policies are failing to produce the economic benefits which the Government promised and may even have expected," he declared.

He urged the Government to modify its economic programme before it was too late; hold the price of gas at its present levels; stabilise the exchange rate and establish clear priorities for issuing foreign exchange; and to relax the credit squeeze for productive purposes.

Mr Manley also called upon the Government to start renegotiation of "those terms of the IMF Agreement which would have to be changed to permit modifications in policy" which were demanded by the disastrous economic circumstances on the one hand, and the desperate plight of the people on the other.

He said that his Party believed that concealing bad news or even news embarrassing to the Government was a "wrong principle and dangerous tactic" to pursue, particularly in a country which was fighting "for its very life."

Noting that the Government should make a start with the I.M.F. in this regard, he said: "We call upon Edward Seaga, particularly, to start telling the people the truth whether it is good news, bad news or embarrassing news."

#### Duty on In-Bond Trade

Kingston THE DAILY GLEANER in English 15 Oct 84 p 2

[Text]

A six percent duty retroactive to October 1 this year has been imposed on the in-bond trade. This in effect, means that the advantage which the shopping trade had, has been removed.

A reliable source told the *Gleaner* that this was bound to have an adverse effect on the trade.

It was only early this week that in-bond merchants became aware that Government had imposed the 6 percent duty. Previously the in-bond had to pay 3 percent duty so as to be able to sell goods over the counter.

This came about following much representation and continued for some time without any grouse from the merchants as patrons were happy that they could leave the in-bond store with the goods they had purchased.

With the devaluation of the Jamaican dollar recently and the outlook of windfall profits to the tourist industry, the in-bond trade voluntarily decided to pay a 5 percent duty. However, this was unacceptable to Government. The in-bond merchants were at that time, asked to pay a massive increase in their licence fee from \$200 to a basic \$2,500, which was objected to by a number of merchants who said it would literally put them out of business.

Subsequently several meetings took place in-

volving the Ministry of Finance, the Collector General and the in-bond merchants, and it is understood that up to last week discussions had been going on involving the Ministry of Tourism.

The imposition of the 6 percent duty of c.i.f. value comes at a time when other tourist destinations have been doing everything possible to make their in-bond trade competitive, tourism sources told the *Gleaner*.

One in-bond merchant said it was too early to suggest what effect this will have but pointed out that it was obvious that with having to increase the cost of the goods to the visitor they would not be competitive enough.

"In truth and in fact, while the neighbouring areas are thinking of eliminating duty and of giving more incentive to tourism, here in this country what is being done is going to create a set back," said the merchant.

The Collector of Customs has been instructed to collect the 6 percent duty before passing any entry. One effect of this is that even goods landed before October but cleared after September 30 attracts the duty. In addition goods cleared since October 1 also attracts the 6 percent duty retroactively.

Kingston THE DAILY GLEANER in English 15 Oct 84 p 8

[Article by Carl Stone: "Debating Jamaica's Economic Options"]

[Text]

AFTER SEVEN YEARS OF THE P.N.P. and almost four years of the JLP the Jamaican economy is currently producing considerably less than was the case way back in 1973.

That fact is obscured and hidden by statistical presentations which concentrate on yearly percentage changes in sectoral output which compare recent trends with trends in the latter years of the 1970s.

The 1983 **National Income and Product Report**, by the Department of Statistics, contains an interesting table which gives production figures in the various sectors in constant dollars, thereby, eliminating the effects or distortions caused by inflation in assessing levels of production increases.

The most interesting comparison is to show where production levels were in 1980 under the PNP and 1983 under the JLP compared to 1973. The following comparative figures emerged from such an exercise.

Value of production as % of 1973 values (goods & services)

	1973	1980	1983
misc. services	100	74	85
domestic agriculture	100	115	113
export agriculture	100	72	72
mining	100	89	65
real estate	100	103	112
construction	100	43	52
finance & insurance	100	113	122
distribution	100	57	60
government	100	140	149

These figures are quite revealing. Four of the nine sectors listed show production levels with values about that of 1973 levels. Of the four, only domestic agriculture entails production of goods. All the others, (real estate, government and services) are service activities.

## Production values

The core areas of production remain at levels that are considerably below the production values of 1973. Export agriculture, mining and construction are at a level that is considerably below our production achievements of 1973, some 11 years ago. The relatively low level of distribution also reflects the weakening of the country's production base.

Not surprisingly, government services head the list in terms of growth over the 1973 to 1983 period. If indeed that 50% growth had taken place in the productive sectors rather than in the state bureaucracy, most of the chronic problems the country faces would have been eliminated.

The financial problems and imbalances induced by a rapidly expanding state sector (including its

massive debt burdens) while the productive sectors shrunk reflects part of the 1980's problems inherited from the 1970s.

What these figures remind us is that to use the word recovery to describe what has been happening here is to confuse the bandaging of sores with the removal of impurities that cause them.

The gloomy picture surrounding bauxite and the modest inflows of equity (as against debt capital) coming into the country point not to recovery but to further deterioration of the Jamaican economy in the near future.

The optimistic projections made by the IMF, the JLP and the PNP in 1980 about likely bauxite led economic expansion have turned out to be fatal misreading of trends in the world's metals markets.

The parameters governing our economic performance have turned out to be quite different from those which were assumed in 1980 when the JLP debated the PNP in that election for our votes and put alternatives before us.

These alternatives, it seems to me, must now be re-assessed and presented anew in the light of our much gloomier short and medium run prospects for economic upturn.

The long term crisis in bauxite, the tight international financial situation, the mounting debt problems and issues, the strong U.S. dollars that are going to influence how well economic policies work here and which policies are worth following.

The changed political climate in the region and the outcome of the U.S. Presidential contest are additional political factors that are also important.

Further, the growing orthodoxy of conservative economic policies that is sweeping Western countries and directing international agencies which have money is also quite relevant.

All of these factors and a number of others have redefined our policy options since the JLP came to power in 1980.

The time is therefore ripe for the JLP leaders and the PNP leaders to revise their alternatives or update them and put them again before the people.

Before we rush into making emotional calls for elections now, we must first debate the issues and understand clearly what are the alternatives the various parties have to offer.

It would not be a bad idea to promote some top level policy debates between these party leaders (and especially the PNP and JLP top leaders) to give us a better and renewed sense of where their policy alternatives now stand in the light of our narrowing policy options.

Some of the political apathy and disinterest could be eliminated and interest in our politics

revived among the larger number of apathetics we have been picking up in every political poll, if a private sector company would sponsor such national policy debates in the interests of public education.

### **Economic crisis**

It would not only sharpen our awareness of where the parties stand on matters that we are all guessing about but serve to awaken national consciousness to the depth of our economic crisis and what policy steps might help.

On an equally positive note, we may even discover areas where our party leaders agree on fundamental issues which could be removed from petty policies and opportunist political fighting and placed on the foundation of a new and developing agenda of national party consensus.

However it is done, the country needs some sustained and informed debates and discussions of our economic condition as the situation has changed very fundamentally since the 1970's and since Mr. Seaga was elected to power.

In any event, we need to begin to face realistically the facts about our economic deterioration and low levels of output in our productive sectors.

Diagnosing the problems is easy. Relevant prescriptions are much more difficult and that is the item that we must now put on the agenda of national political debate as a prelude to any decision to call elections (be they local or national).

### **Seaga on Policy Stand**

Kingston THE DAILY GLEANER in English 18 Oct 84 pp 1, 3

[Text] The Government will not change its policies "one blade of grass" nor "yield one inch of ground," the Prime Minister, the Rt. Hon. Edward Seaga, said yesterday in response to the People's National Party's request that he modify his economic programme.

Mr Seaga in a speech in which he officially launched the Government's new Food Sufficiency Programme at the Jamaica Conference Centre, Kingston, said that while he did not wish to minimize the pain that was caused by the structural adjustment, he did not intend to go back to the days when "13,000 (grocery) shops were locked up."

The Prime Minister was speaking to hundreds of farmers and observers from a wide cross-section of the community, who packed the main conference room at the centre to capacity for the near four-hour long function launching the programme. In a direct reaction to the request to modify his economic policies which was made by the PNP Leader, Mr Michael Manley, last week Wednesday, Mr Seaga said:

"I am convinced that these programmes and policies will bear fruit, as they have indeed begun already to show results in tourism; begin to show results in agriculture. I am satisfied that agriculture is going to

be the greatest performer of all the sectors in the economy this year, and that the manufacturing sector is likewise poised to make use of and take advantage of these new strategies.

"I know that there is social cost involved. I know, worse than that, that there is political cost involved. To be frank with you the things we are doing are not popular, because they hurt people's pockets; but if we don't take that hurt in our pockets now, what lies ahead is so devastating, is so disastrous, that the hurt that we feel today would be nothing more than the pimple on the face of the country.

"I know there is political cost and I know that we are spending dear political capital in order to effect this transformation of our Government, our country and our society. But that is what we were elected to do, and we are going to do it without fear. We are not going to change our policies not one blade of grass: not one inch of ground will we yield."

He said that nice sounding jingles and slogans would not grow food, and the only way that the country could encourage the growing of more food was by making it profitable. The Food Sufficiency Plan was introducing to the farm sector new crops that were profitable and in which there were no problems with marketing because the country required them.

"The only slogan I want is one that can work, and if we are to eat what we grow then we must grow what we eat and we won't grow what we eat until it is profitable. And, it cannot be profitable unless we are prepared to suffer a little pain in the increase in the exchange rate so that the price of imported items will cost more..."

"There are people who would want us to cut out what we now import. I don't intend to. I intend to phase it out. I don't intend to go back to the days when there were 13,000 shops locked up.

"There are those who say we must revise our strategy. Revise it, and go back to the point where we can't compete in our tourism product and thousands of hotel workers lost their jobs: go back to the type of production which cannot be sold abroad because our prices are not competitive in many agricultural products and in the entire range virtually of our manufacturing products, and we must be satisfied in only the small market place in which we live; denying opportunities to thousands and thousands of persons who could gain jobs if we could export to the bigger countries and gain more orders.

"Go back to the wiping out of being able to produce our own food for ourselves, stabilise prices and stabilise sources of supply. Worse than that, go back to the days of paying for imports with loans not with earnings, until we reach a stage where

we can no longer sustain the burden of debt.

"I know what I say when I tell you that we have a very short time to put ourselves on a self-sustaining basis: to reduce the loans by improving earnings to take the place of these loans. A very short time and it is because of that very short time why we are coming into this mission. I do not conceive that I was ever elected to find things in a rotten state and to leave them in a rotten state. I do not conceive that I was deluded into believing that it would be possible to move from a rotten state to one in which we would correct the problem without suffering some pain," the Prime Minister said.

The Food Sufficiency Plan which was being launched was first announced by the Prime Minister in his budget speech in May. The plan aims at considerably reducing the country's dependence on imports of meat, fish, milk, soya beans, cassava and rice, over a four-year period as the first phase.

The objective is to realise self-sufficiency levels by 1987/88 of meat — 100%; fish — 125%; milk — 10%; soya beans — 45%; cassava — 30%; and, rice — 75%.

This is estimated to save the country U.S.\$130 million in gross foreign exchange savings and could increase the country's net international reserves by U.S.\$72 million. Some 13,000 new jobs are expected from the implementation of the plan which could reduce the country's unemployment rate by 1.2% over the next three years.

Mr. Seaga said the Government's food production programme had commenced with the export production drive. It was now into stage two, which involved production for local consumption, the programme launched yesterday. Phase three would involve a programme to plant some 10 million trees in the barren hillsides some for reforestation as well as for the possible production of coal. This phase would commence as soon as the second phase was completed and the programme was already being studied by the United Nations Environment Programme (UNEP).

Mr. Seaga said that his Government did not intend to leave an inch of ground barren.

Other speakers at the function were: the Minister of Agriculture, the Hon. Dr. Percival Broderick; the Minister of State with responsibility for Agro 21, the Hon. Brascoe Lee; the Hon. Anthony Johnson, Minister of State in the Ministry of Agriculture; Mr. James Rinella, Executive Director of Agro 21; and, Senator Egbert Miller, a former champion farmer (twice), who gave the Vote of Thanks.

Four films dealing with various areas of the Food Sufficiency Programme and Agro 21 were shown.



## PNP Support on IMF

Kingston THE DAILY GLEANER in English 18 Oct 84 p 13

[Text]

The President of the People's National Party, Mr. Michael Manley, has given the PNP's support to the JLP Government in representations for changes in the policies of the International Monetary Fund and World Bank, to enable these institutions to serve the needs of Jamaica and other developing countries more meaningfully.

A party release said Mr. Manley was responding to the call made by Mr. Oswald Harding, Minister without portfolio, at the current United Nations General Assembly, for the International Community to insist that these two financial institutions operate in the best interest of the developing countries.

In a letter to Mr. Harding, the PNP's President welcomed the JLP Government's change from its "former autocratic posture" which he described as "a movement from the confidence of deliverance to the

shock of the revelation of understanding."

The PNP President reminded Mr. Harding that the JLP had dismissed the PNP's representations concerning the IMF with accusations that the problem — if there was any — would be solved by the management competence of a JLP Government.

Mr. Manley welcomed the Jamaica Labour Party to what he called the "Club of Understanding" where the IMF was concerned — even though the Government's appreciation of the problem was late.

In welcoming what he said was the government's change of heart and posture, Mr. Manley expressed the hope that this would result in "less arrogance and some semblance of humility" by the government. He expressed the hope, too, that when the JLP returned to the Opposition, the PNP could expect Mr. Harding's Party to support it in its endeavours to seek the necessary change to the IMF.

## Currency Devaluations

Kingston THE DAILY GLEANER in English 18, 19, 24 Oct 84 p 1

[18 Oct 84 p 1]

[Text] A further devaluation of the Jamaica dollar as against the United States dollar becomes effective today. Depending on the bids in today's auction, the Jamaican dollar could move from \$4.26 to \$4.41 to the U.S. dollar.

For a new foreign exchange rate of \$J4.15 to U.S. \$1.00 at the lower limit and \$J4.45 to U.S. \$1.00 at the upper limit comes into effect as of today's Bank of Jamaica auction.

A new parity order setting the new band within which the exchange rate for the Jamaican dollar vis a vis the U.S. dollar will be determined through the exchange auction, was signed by the Prime Minister and Minister of Finance yesterday, says a Bank of Jamaica release.

This new band represents a further 3.48% devaluation of the Jamaica dollar. The previous devaluation of the Jamaica dollar came into effect on September 18, at which time the band was set at \$J4.00 to \$U.S.1.00 at the lower limit and \$J4.30 to U.S. \$1.00 at the upper limit.

Yesterday's BOJ notice reminded the public that the maximum bid price may not exceed the rate at the upper end of the band less four Jamaican centers per U.S. dollar. Based on the new band, bids must be between \$4.15 and \$J4.41 per U.S. dollar. The pool of funds available for today's auction is \$U.S. 3 million.

[19 Oct 84 p 1]

[Text] At yesterday's auction the clearing rate moved up to \$J4.36 recording a devaluation of 10 cents against the United States dollar. Of the US\$7.2 million bids that qualified, US\$4.2 million was unsuccessful, a small increase above the US\$4.1 million recorded at the previous auction on October 11. Bids that were satisfied covered a range from the ceiling J\$4.41 down to the clearing rate of J\$4.36.

[24 Oct 84 p 1]

[Text] At yesterday's auction the clearing rate for the Jamaican currency moved up to \$4.41, the newly created ceiling of the band announced last week by the Bank of Jamaica. This is a further fall in the rate of exchange of 5 cents against the U.S. dollar. The band is \$4.15 to \$4.45 per U.S. dollar, but the ceiling for bidding is \$4.41.

Total bids amounted to US\$9.3 million of which US\$2.5 million was disqualified. Of the total qualified bids of US\$6.8 million an amount of US\$4.8 million was unsuccessful as there was US\$2 million in the pool for this auction.

There were 36 bids amounting to US\$5.1 million at the ceiling of \$4.41. Of this amount 28 bids were accepted amounting to US\$3.6 million.

There were two bids above the ceiling of \$4.41. One was at \$4.43 and another at \$4.45. Both were disqualified for breaking the band.

#### Personnel Cuts

Kingston THE DAILY GLEANER in English 18, 20, 24 Oct 84

[18 Oct 84 pp 1, 3]

[Text] Some 3,900 workers are to be cut from the Civil Service by December to bring the total to some 5,500 as announced at Budget time earlier this year.

A JAMPRESS release last night that the termination of the 5,500 posts by December would be at a total cost to the Government of not less than \$13 million in redundancy payments. On the other hand, there will be a net reduction of an estimated \$10 million in recurrent expenditure this Financial Year after redundancy payments are taken into account.

Of the 5,000 plus posts to be pruned from the establishment this year, 1,639 were effected by the end of September, with some 3,900 to be effected by December, the bulk of them to take place this month.

The JAMPRESS release also stated:

"As was announced during the course of the Budget Debate, the reduction in the size of the public service is being undertaken by normal pensionable retirement, the nonfilling of posts on the establishment lists, resignations, termination of employment and the removal of excess posts in various Ministries.

"Of the posts to be affected this year, up to the end of December, 388 are pensionable retirements, 49 are resignations, 110 are termination of the re-employment of pensioners and 5,000 are terminations under the rationalization programme.

"It was estimated at January 31 this year, that there were 4,057 persons, casual workers not included, employed by various Ministries in excess of the budgeted establishment at a cost to the Government of \$14.54 million.

"These were in the Ministries of Health, Education, Construction, and Agriculture. Other Ministries have not yet completed their review of the situation in their respective Ministries or have reported that they have no staff in excess of requirement. The Ministries of Health (2,386) and Agriculture (759) account for the bulk of the excess employment so far listed.

"The purpose of the operation, the Minister of the Public Service, the Hon. Errol Anderson said yesterday (October 17) is to reduce the top-heavy ratio of the Jamaica Civil Service to the general population as an integral part of the present Economic Adjustment Programme of the Government. Much of it is based on IMF agreements, with the aim of placing the island's economy on a sound foundation for positive growth in real terms.

"He said that this was a process now being undertaken by several countries, inside and outside of IMF agreements, as well as by sections of Federal Governments such as Provinces in Canada and States in the United States, bringing top-heavy civil establishments into a realistic relationship to total population and to reduce unnecessary expenditure in administrative areas.

"Among countries which are now currently reducing Civil Service employment due to the world's economic conditions are the Dominican Republic, Peru, Zambia, Nigeria, Kenya, Sierra Leone, Brazil, Tanzania, Mexico, Costa Rica, Guyana, Argentina and Ghana.

"Jamaica is one such country, where impractical employment policies in the past have produced a swollen Civil Service establishment without concomitant improvement in efficiency and quality of service and with more people employed than were necessary.

"The result was that without taking the Military, Statutory Boards and Local Government services into account, the Civil Service establishment now stands at a ratio of 1:53 persons (including children) a level which could not be sustained at the same time that money was required to be channelled into

growth areas of the economy. When other Government services such as the Military and Parish Councils are taken into consideration, the ratio climbs to one in 17.

"Some of those persons affected, particularly in the Statistical Institute and the Planning Institute, are being placed in other areas of the establishment in posts not now occupied.

"In addition, the Jamaica National Investment Promotion Limited has been instructed to include such displaced Government workers in their Self-Start-Fund window, so that persons who might wish to use their redundancy payments to go into small own-account businesses, either by themselves or in partnership can be assisted and directed into avenues of prime investment, from the additional allocations which the Government has provided the JNIP.

"The Minister of the Public Service as well as individual Ministers affected have been having discussions with trade unions concerned to keep the unions abreast of developments in the exercise."

[20 Oct 84 p 3]

[Text]

The axe fell on some ancillary and temporary workers yesterday in the Ministry of Health as the government continued its redundancy programme to remove excess posts in various ministries.

Reports earlier in the week had said that about 600 would be laid off yesterday; checks by the **Gleaner** confirmed that at least 166 had received notices in some Kingston institutions.

On Wednesday the Government announced that the bulk of 3,900 persons in the civil service to be laid off by December, would take place this month.

The lay-offs in the Ministry of Health started in August and the reduced staff had been affecting some areas of operations in the hospitals. Reports reaching the **Gleaner** are that services are being affected in the casualty department and operating theatre at one of the larger hospitals in the Corporate Area. Ward services have been affected and meals have been reaching patients late because of the reduction in staff. Sources said that the situation at that hospital which had over 40 members of staff on the redundancy list yesterday, would be worse.

The **Gleaner** understands that 67 persons were made redundant in the Kingston Region, the second set to go since the programme started in August. At that time some 100 ancillary workers reaching retiring age were sent off. The Kingston Region comprises the Kingston Public and Victoria Jubilee Hospitals, Bustamante Hospital for Children and the Mona Rehabilitation Centre.

At the National Chest Hospital and the Hope Institute 40 and 22 ancillary workers respectively were laid off. Those affected had services ranging from three to ten years. Over 30 persons were affected at the Spanish Town Hospital mainly among the ancillary staff.

[24 Oct 84 p 1]

[Text]

Approximately 1,000 permanent, temporary and casual workers are expected to be made redundant by the Ministry of Agriculture by next week Friday.

This information was relayed to the seven unions representing the workers -BITU, NWU, TUC, UAWU, Jamaica Workers Union (JWU), Jamaica Civil Service Association (JCSA) and the Union of Schools, Agriculture and Allied Workers (USAAW), at a meeting with the Permanent Secretary in the Ministry, Mr. Clarence Franklin, on Monday.

Representatives of the Ministry when contacted by the *Gleaner* following the meeting on Monday would not give any figures. But a spokesman for the unions attending the meeting said that the figure given to them by the Ministry was 1,056

temporary, casual and permanent workers. The workers are employed to several projects including nurseries run by the Ministry.

The spokesman told the *Gleaner* that the unions were "completely opposed" to the redundancies, as well as the fact that they were not informed about it in time to make alternative proposals, or to conclude negotiations on several outstanding claims which were still pending.

A spokesman for the Ministry said that the discussions with the unions on Monday went "reasonably well." But the union spokesman said that they had described the Ministry's approach to the action as "dictatorial" at the meeting.

The *Gleaner* understands that the weekly-paid staff will be paid off this Friday, while the monthly-paid staff will be paid off next week Friday.

#### Criticism of Monetary Policy

Kingston THE DAILY GLEANER in English 18 Oct 84 p 8

[Article by Basil Buck: "On Monetary Policy--What's Going On?"]

[Text] The Government has reverted to draconian measures to control the availability and cost of money. All this in the name of controlling foreign exchange flows and the rate of exchange. On the other hand, there is a little "window dressing" for the IMF going on in face of the critical September, 1984 test, which ended two weeks ago. Time enough for the policy makers to know the score.

Pity the poor small and medium size farmers and businessmen who are going to get caught in the middle. Not to mention the individuals who are caught with a bank overdraft or mortgage that must now pay "loan shark" rates of interest on top of all the other escalating rates like JPS, telephone, water and the endless rise in the price of food.

The bank rate has been increased by two percent to 16 percent, generating an equivalent increase in the commercial banks prime lending rate to 18 percent.

This is the third increase in nine months resulting in the commercial banks prime lending rate moving up a cool five percent from 13 percent in December 1983. This, in harsh reality, is a 40 percent increase in the cost of borrowing money since December 1983.

On the other hand, we are advised that the commercial banks have been instructed to tighten overdraft facilities by cutting back credit to



individuals and the distributive business sector by \$50 million by March 1985, this following closely on the \$13 million sucked out of the system by changing the eligibility rules in the foreign exchange auction system.

Who Minds the Store?

One has to seriously ask--What's going on? Who is minding the store?

Over the past nine months monetary and foreign exchange policy exhibited a serious case of crisis management, management in which the policy makerswork is like the work of firemen, where today's fire is put out without knowing when or where new fires will break out. Through all this one sees no clear evidence of any attempt to face up squarely to the harsh realities and put in place a structured and balanced fire prevention system and that done, give it enough time to work.

How can anyone plan, much less implement in an environment of constant changes in the cost and availability of money? The cost effect of the 5 percent increase in the prime rate over the past nine months on a \$1 million investment is \$50,000 annually. Somebody has to pay that extra \$50,000 or the project will be scrapped. As of now, every project in the pipeline will have to go back to the drawing board to work out the opportunity cost of the 2 percent increase in lending rates.

The powers that be do everything with their right hand to promote investments and in particular export-oriented investment with some success. Then an amazing thing happens--the left hand plays a three-card game and takes away most if not all the benefits or incentives given by the right hand--surely a zero sum game.

No one will argue with the fact that we have a serious foreign exchange problem. No one will argue with the fact that harsh measures are necessary to contain the situation. However, one must argue when those measures are arbitrary and across-the-board. One must argue when those measures could tear down the house with the whole family inside to get at the one wanted son--the foreign exchange hustler. That surely is a classic case of cutting off one's nose to spite one's face.

The holders and or delayers of foreign exchange are not the ones that are going to hurt from draconian monetary measures. Their asset portfolios are so structured that they can weather out the storm with nothing more than a little inconvenience here and there.

It is the small to medium size business and farmers who are going to hurt. It is the same ones that the policy makers expect to generate exportled growth in the economy that are going to hurt.

Draconian Measures

Draconian measures substantially increasing the cost of money on the one hand and restricting the availability of money on the other, in the hope of inducing foreign exchange to flow into Jamaica is an exercise in futility, under a

floating exchange rate system. It defies all the laws of the Jamaican mentality towards money and profit. It assumes institutional arrangements in the Jamaican financial system that do not exist.

As long as the opportunity benefit of devaluation outweighs the opportunity cost of increasing interest rates of uncomfortable restrictions draconian monetary measures are doomed to failure. In harsh reality an extra 5 percent interest cost annually in no way comes close to equating with a 5 percent devaluation monthly, for 12 months.

Draconian monetary measures such as those now being implemented as an escalation of the harsh measures which started earlier this year with Ministry Paper 5, are doomed to failure unless the foreign exchange rate is convincingly, repeat convincingly, fixed at an appropriate level. That done, implement the overriding principle of the IMF programme--Demand Management--in the foreign exchange market by rationing available supply to the defined priority needs. Instead of trying to manipulate the rate, an exercise in futility, manage the demand for the available supply of foreign exchange.

Failing that, the harsh realities are sharp reductions in business activity as inventories and production are scaled down to the level of available cash resources; escalating prices as the increased cost of money works through the system; further sharp devaluations of the Jamaican dollar as demanders try to catch up with the limited supply by forcing up the rate and increasing unemployment.

#### UN, ILO Project

Kingston THE DAILY GLEANER in English 18 Oct 84 p 17

[Text]

An agreement aimed at strengthening the infrastructure of the Human Employment and Resources Training (H.E.A.R.T.) Trust, was signed between the Government of Jamaica, the International Labour Organization (ILO) and the United Nations Development Programme (UNDP) on Monday, October 8, at the UNDP Office in Kingston.

The project with inputs of J\$110,000 in kind from Government, a cost-sharing contribution of US\$99,960 from a World Bank loan to the Government and approximately US\$15,000 from the ILO's Regular Programme, was signed on the Government's behalf by Mr. Cedric McCulloch, Permanent Secretary in the Ministry of Youth and Community Development. Signing on behalf of the ILO and the UNDP was Dr. Brenda McSweeney, Resident Representative of the UNDP in Jamaica.

As Executive Agency for the project, the ILO will be responsible for the recruitment of an advisor and consultants in vocational training.

While contributing to the broadening, modernization and unification of the local vocational training infrastructure, the project is aimed at expanding the capability of the H.E.A.R.T. Trust in the preparation, co-ordination and implementation of national vocational training plans and programmes, a release said.

The H.E.A.R.T. Trust Programme was established by the Government in 1982 to facilitate meeting needs for trained manpower required by the economic sectors of Jamaica and at the same time to provide employment opportunities for the jobless. As a consequence, the Trust acts as a central co-ordinating and funding agency for out-of-school training.

International technical assistance for this kind of training, while relatively new to Jamaica, has been in operation for some time throughout Latin America. The ILO/UNDP, through the programme, the Inter-American Research and Documentation Centre on Vocational Training (CINTERFOR), have been promoting and documenting activities of this nature since 1964.

## Capital Investment Loan

Kingston THE DAILY GLEANER in English 20 Oct 84 p 3

[Text]

**JAMAICA AND THE UNITED KINGDOM** yesterday signed an agreement for a J\$12.4 million (£2.5 million) loan to Jamaica for the purchase of machinery and equipment for capital investments related to economic development.

Prime Minister Edward Seaga, and the visiting Minister of Overseas Development from the U.K., Mr. Timothy Raison, signed the documents at Jamaica House yesterday.

Mr. Seaga said that the loan would increase the amount available to Jamaica through the same programme of the Ministry of Overseas Development to \$20 million or £4 million, because there is another £½ million available from last year's agreement.

The loan will be used to meet foreign exchange costs of the purchase of certain machinery and equipment of United Kingdom origin.

The types of machinery/equipment will be conducive to Jamaica's economic development, particularly for capital investment to improve the capacity and efficiency of the public and private sectors.

There is a three-year moratorium and interest is at four percent, annually. The loan is repayable in semi-annual instalments over 10 years. The first payment on principal is expected on October 19, 1987.

It will be administered by the Jamaica Export Credit Insurance Company (JECIC) a subsidiary of

the Bank of Jamaica.

Mr. Seaga said that the loans were "very concessional" and had been very useful in assisting the island's balance of payment situation.

Mr. Raison presented Mr. Seaga with a copy of the report from Mr. Oliver Cox on his explorations at Port Royal, which were sponsored by the Overseas Development Ministry.

After the signing, Mr. Seaga and the U.K. Minister met privately to discuss other areas of co-operation.

Accompanying the Minister at the meeting were: the British High Commissioner, Mr. Martin Reid; Mr. McCulloch, Private Secretary to the Minister; Mr. Nicholas Bailey, Regional Economic Adviser; and, Mr. John Luke, Technical Co-operation Officer at the British High Commission, here.

With Mr. Seaga were Mr. Carey Robinson, Executive Director of the Jamaica National Trust Commission, and Mr. Martin Mordecai, Director of Information in the Office of the Prime Minister.

CSO: 3298/125

## LEADERS ASSESS JOINT JAMAICAN-DOMINICAN REPUBLIC TIES

### Blanco's Departure

Kingston THE DAILY GLEANER in English 17 Oct 84 pp 1, 3

[Text] "The beginning of a new road" was how the Prime Minister, the Rt. Hon. Edward Seaga, described the agreements reached between himself and the President of the Dominican Republic, Dr Jorge Blanco, at the end of a three-day visit by Dr Blanco yesterday.

Mr Seaga said that the agreements meant the commencement of programmes involving trade, tourism and cultural links which would be beneficial to both countries.

He said that, for example, the Dominican Republic was far advanced in the production of rice, while Jamaica was advanced in the production of fish from inland ponds and there were excellent opportunities for collaboration between the two countries, which would be explored.

Dr Blanco and his party left the Norman Manley International Airport just before 2 p.m. yesterday after a three-day visit which began with his arrival in Montego Bay on Sunday.

During his stay, he had discussions with the Prime Minister and other Members of the Cabinet, on trade, tourism, cultural and sports links. He had lunch with the Prime Minister on Monday at Jamaica House, and dinner with the Government-General the same night at King's House. He attended the "Salute to the Heroes" at the National Stadium on Monday, and hosted a reception at the Jamaica Pegasus Hotel just prior to his departure yesterday.

A joint communique issued by both leaders after the signing at Jamaica House, said that they welcomed the opportunity to continue their discussions on the international situation and to exchange views on regional and bilateral efforts for the promotion of cooperation and solidarity among the Americas.

The communique said that they also reviewed the situation in Central America and the Caribbean, and considered the work of the two joint technical commissions established between Jamaica and the Dominican Republic consequent on the agreement reached between the Heads of Government during Mr Seaga's visit to Santo Domingo in 1983.

Speaking to the press after the signing yesterday, Mr Seaga said:

"We have therefore reached in a certain sense the end of a road with the return of that visit (made by me) by President Jorge Blanco; and, in another sense, we have reached the beginning of a new road, because from here on we no longer need to look to the negotiations, but to the programmes which will result in increased trade between us, improvement of tourism and various cultural exchanges.

"I can say to you with great confidence that because the mission which accompanied Dr Jorge Blanco was so broad as to include a wide range of both public officials, as well as private sector representatives...that the meeting among this widespread group has already brought to the forefront many ideas which will now be followed up, and which are expectant of producing early results."

He said that the Jamaican Minister of Trade and his Dominican Republic counterpart, had already found many areas in which it appeared that there would be a mutual advantage to further trade between the two countries. They are to be followed up with further discussions.

He said that looking at the agricultural prospects, the Jamaican team had come to learn that the Dominican Republic was very far advanced in the production of rice, while Jamaica was very far advanced in the production of fish from inland ponds.

"There then is an excellent example for joint collaboration; for joint ventures between Dominican and Jamaican interests in the production of rice on a large scale in Jamaica, and the production of fish on a large scale in the Dominican Republic."

Mr Seaga said that there would be teams going to the Dominican Republic and coming from the Dominican Republic to Jamaica to explore all those possibilities in trade, tourism and programmes of interchange of sports and culture.

He said that the visit had not only succeeded in its objectives, which was to complete the agreement for signature, but had been one of the most productive visits to Jamaica, in the sense that much more was discussed which represents the next many steps which could be taken and many new projects were already being discussed. No time would be lost between the signing of the agreements for new projects and their implementation.

In his address Dr Blanco said that he was extremely happy that the visit had ended with the signing of the agreements.

He said that it was a great political decision between the two countries which was based on understanding and sharing, and that the implementation of the agreement would mean greater advantages for both countries to strengthen their historical friendship to a level never seen before.

He said that there were many more areas to be explored including agriculture, industry, technology, education especially at the university level and he



hoped that with the respective visits between the two leaders those aims would also be realised.

He said that he hoped that his visit would not only be the starting point of their relationship, but a point of rejoining relations in the search for solutions to their problems.

#### Exchange of Speeches

Kingston THE DAILY GLEANER in English 18 Oct 84 p 13

[Text] Jamaica and the Dominican Republic could "stand more steadily" in the face of current harsh economic experiences, if both countries found ways to develop better relations, the Governor-General, the Most Hon. Sir Florizel Glasspole, said Monday night.

Sir Florizel was speaking at the State Dinner he hosted at King's House in honour of the President of the Dominican Republic, His Excellency Salvador Jorge Blanco, and his wife.

He said that both countries could find opportunities in bilateral relationships that recognised their mutual interests. They both understood the urgency of the need to strengthen their economies through diversification and trade, and it was both timely and practical that they should be seeking to explore ways in which they could do so together.

"We are both well aware that there is no easy road to economic development. We both appreciate that this can only be achieved by hard work and discipline and by the willingness of our people to face our own realities. Indeed, if we fail in either will or understanding, we shall fail to grasp to our advantage, the opportunities that we ourselves have worked so hard for--such as, for example, those of the Caribbean Basin Initiative.

"These are by no means easy times for our countries. We are all aware of the social hazards posed by the economic pressures that weigh so heavily on us, and equally of the courage it takes to stick by the right decision in the face of hardships. Responsible leadership can do no less. For the truth is that we are learning harsh lessons of adjustment within a world economy that is forcing us to stand on our own feet. Perhaps we will stand more steadily if we find ways, through relationships such as the one we are nurturing between us, of standing together," Sir Florizel said.

Dr Blanco in his reply said that it was incredible that the two countries were almost celebrating 500 years of discovery.

He said that he hoped that when the 500th year was attained both countries would no longer remain ignorant of the significance of that occurrence and the developments since, and would have benefitted from the attempts initiated by both governments to seek solutions to the problems they faced in terms of trade, development, tourism and facing their external debts.

He said that the initiatives constituted a "beautiful and promising future" that should serve as guides to both governments.

By coming to Jamaica, he was stepping on ground that served as the fountain of liberation which served Simon Bolivar, an historical fact that was of great significance to the people of the Americas.

Having visited Jamaica, he could understand Christopher Columbus' vacillation in selecting which of the two countries was the most beautiful. The selection would have been made even more difficult by the warmth of the people and the beauty of the women.

He said that he hoped that the efforts that were made during his visit here would continue to bring the countries closer together.

Guests at the function feasted on smoked Marlin, salad vinaigrette, veal cordon bleu, ovenbrown potatoes, buttered French beans, creme caramel, Blue Mountain coffee and Port. The catering was done by the Jamaica Pegasus Hotel.

They were entertained by the Jamaica Military Band which played several selections including Joe Williams' "Carib Blue"; Olivadoti's "South of the Rio"; Bob Marley's "One Love," and the Calypso "Flag Man."

CSO: 3298/123

PATRIOTIC MOVEMENT CRITICIZES MANLEY'S SPEECH TO PNP

Kingston THE DAILY GLEANER in English 17 Oct 84 p 23

[Text] The Nationalist Patriotic Movement (NPM), has said in a statement that it had observed that the President of the PNP, Mr Michael Manley, had failed to come to grips with any matters of importance, or indicate any ability on the part of himself or his party to provide responsible leadership to the nation, in his address to his party's annual conference two weeks ago.

In a statement released over the weekend criticising Mr Manley's speech at the annual conference at the National Arena, the NPM said that the leadership of the PNP had not presented any acceptable alternative programmes to those being pursued by the Government of the JLP.

He (Mr Manley) had not presented any credible criticisms of the economic and production policies of the JLP.

"He has outlined in some detail his commitment to a form of Government, he terms it 'participatory' instead of totalitarian. This we conclude is the same strategy that was used in 1974 when the PNP decided that instead of scientific socialism their programmes would be called 'democratic socialism.'

But to the NPM this was a disguise. The NPM alleged that the PNP eyed Marxism and totalitarianism.

"The PNP leadership's much vaunted planning advisory committee is 'appointed' not 'elected' and therefore, its members cannot be removed by citizens in a word its the politburo of a socialist country," said the NPM.

The NPM said that the PNP leadership had again been "strident" in dividing the society and engendering "animosity" and "envy" among the people.

"Nothing has changed in the manner, the activities and the political philosophy of the PNP. It is obvious to all well-thinking citizens that this PNP has not yet comprehended the first lesson in nation-building and is blinded by their commitment to a political philosophy-Marxism, which the Jamaican people will not accept.

"The JLP has demonstrated its commitment to the democratic process of Government by its parliamentary action, and the PNP would do its founders justice if they would abandon this new and strange political ideology and return the political system of Jamaica to the days of Alexander Bustamante and Norman Manley both committed to democracy and a nation free to choose their leader by the ballot," the release said.

CSO: 3298/125

## MANLEY COMMENTS ON PATHS OPEN TO THIRD WORLD COUNTRIES

Kingston THE DAILY GLEANER in English 24 Oct 84 p 3

[Article by Brad Glaser and A. Pasha Mechcatie]

[Text]

**Columbia Spectator: N.Y. Oct. 12:**

Former Prime Minister of Jamaica Michael Manley spoke before an audience of about 200 on the impact of foreign involvement in Caribbean nations last night at Teacher's College, Columbia University.

He criticized what he considers the two major theories concerning the development of Third World nations, saying.

"In order to understand anything about Third World development, one must deal with the economic imperialist system created and sustained by the industrialized nations."

He said these theories, the "evolutionary theory" and the "revolutionary theory" are out of touch with reality.

The evolutionary theory claims that developing nations must imitate the capitalist growth pattern of the United States and European countries in order to make progress. In contrast, the revolutionary theory says that a Third World nation can develop by freeing itself of all foreign influences.

"The countries which have adopted the evolutionary theory, in an attempt to copy industrialized na-

tions, have only heightened their dependence, poverty, and unemployment," he said.

More important, he explained, is that the Third World must become independent from already industrialized nations.

Saying that although the revolutionary theory is more acceptable than the evolutionary theory, he believed this too is unrealistic.

"The revolutionary theory assumes objectives will occur without external political pressures. The problem of withstanding this pressure calls for enormous social and political discipline."

Citing Nicaragua as an example Manley explained, revolutionary theory is far more intellectually satisfying because it supports transformation. The problem is that it cannot always be put into action.

Manley has not held a government position since he lost the Jamaican elections of 1980 to Harvard educated Edward Seaga, the leader of the conservative Jamaica Labour Party.

But Manley remains the leader of the Socialist People's National Party and an influential figure in the Caribbean.



SEAGA REPORTS ON SUCCESSES UNDER AGRO 21 PROGRAM

Kingston THE DAILY GLEANER in English 19 Oct 84 pp 1, 3

[Text] Some 39,000 acres of land have been put into production under "Agro 21" in its first year, Prime Minister Edward Seaga said Wednesday in a report on the progress of the programme.

Mr Seaga who was officially launching the Food Sufficiency Programme at the Jamaica Conference Centre, Kingston, said that the target for the first year of the programme, which started in October last year, was 22,000 acres, but already 39,000 acres had been put into production.

He said that there were 47,000 acres already committed to go into production next year.

"I remember saying in a meeting that although it was a four-year programme, in one half the period of time we would in fact more than reach one-half the target. Indeed, we are ahead of the target in year one and barring hurricane, barring any other acts of God, barring certain acts of men, we will do it. We will meet our targets and even surpass them," he said.

He said that of the employment target for year one of 12,764 new jobs, 9,623 had been created. He related the shortfall specifically to the non-implementation of a tobacco project which should have employed 4,200, and to the non-creation of certain projects planned in citrus and cocoa which together would have employed 470 persons.

In terms of foreign exchange earnings, a target of US\$15 million was set for year one. A total of US\$17½ million was achieved.

In 1985, he said that, it was hoped to bring another 47,000 acres of land into production and to substantially improve upon the extent of the performance in employment this year. The target set for employment is for 31,000 new jobs over the four years and gross foreign exchange earnings of US\$70 million.

He said that "Agro 21" was now a third of the way towards its target of 250,000 acres in a quarter of the projected time.

Giving examples of performances in four of the crops in the first year, he said that in winter vegetables, US\$1.1 million worth was exported in 1983, while in 1984, U.S.\$1.8 million worth was exported. In 1985 it would increase

considerably. One producer already had firm agreements for 30 million pounds, three times the total of this year's exports and there were negotiations going on for the exportation of another 20-30 million pounds.

Fruits went up from US\$350,000 in 1983, to US\$950,000 and the country now had a nursery for mangoes which by April of next year would be ready for distribution involving 100,000 seedlings of "the right varieties of mangoes" for export markets.

Ornamental horticulture had moved up from earnings of US\$530,000 to US\$850,000 and ethnic crops moved up from US\$900,000 to US\$2.25 million.

In those crops the total of movement was from US\$1.8 million to US\$5.8 million or more than 300 percent in one year.

He said that export crops production was the first stage of Agro 21. The second stage was the Food Sufficiency Plan. A third leg, which will come in due course, will involve a programme to plant 10 million trees to cover the barren hillsides which have become denuded.

Mr Seaga said that his administration had many missions as a government, and one of those missions was to turn the economy around and to help it to develop:

"But another of those missions which is even more difficult, is to change the attitudes of the people. That takes more time. To change the attitude to: 'if you are going to be a farmer, master your trade the same way as if you are going to be a driver. Because, if you don't master your trade as a driver you are going to crash the car, and if you don't master your trade as a farmer you are going to crash yourself.'"

He said that it was not always that the Government was the one to teach the required skills. In many cases the Government was the worst one to teach: "But where we know that the Government does not have the ability, we want to be able to feel free to put you in the hands of those who have the ability.

"So when some man comes into the area to plant a thousand acres of rice, don't grumble and say, 'well how this man comes into the area to plant a thousand acres of rice, where is my share of the production?' Your share of the production on your acreage is going to be helped by his one thousand acres, because he is going to teach you how to drive that agricultural car properly; he is going to teach you to make more money out of what you do than if you are to try it by yourself, or sometimes, if the Government was to try to teach and to transfer technology."

He said that the policy of substitution of crops was to make the country less vulnerable to those crops which were imported. When they were grown here there was greater control, in terms of not being susceptible to drought or to the price of money in some foreign land, or whatever might be the circumstance.

He said that rice, milk, meat, soya, fish and cassava as a substitute for corn as animal feed had been chosen for the purpose, bearing in mind that food was 50 percent of the cost of living.

Mr Seaga said that at the current time the country was importing US\$120 million worth of those six items and four years time that would have a value of US\$130 million. In 1981, the country was importing US\$144 million and even though it had been decreasing the Government wished to wipe it out forever.

The first year of the four-year time period for implementing the programme was for identifying the land, doing the necessary feasibility studies, identifying the farmers, wa- [words illegible]. A great deal of work had already been done in sketching out the profiles of those projects.

In terms of rice, he said that the country was now importing 45,000 tons per year at a cost of US\$30 million. To reach the level of self-sufficiency required, it would be necessary to put into production 23,000 acres each giving two crops per year, employing an additional 4,500 persons and saving the country US\$16 million.

The "Agro 21" Secretariat, working with the Ministry of Agriculture had already identified 22,000 acres of land suitable for rice production.

In terms of milk production, the country should be moving from the present 42 million quarts to 55 million quarts over the four years. The expansion area will be Serge Island in St. Thomas, Albany in St. Elizabeth, Shettlewood/Montpelier in St. James, Hanover and Manchester.

In meat, present imports were 16 million pounds, at a cost of US\$18 million. In the four years it was [needed] to produce 98 percent of the local need, excluding breeds which could not be produced in sufficient quantities. Production would be moved by 16 million pounds, the increase in employment would be 3,300 and U.S. \$28 million in savings in foreign exchange would be realised.

Mutton production would be increased from 2 million to 4.2 million pounds, pork from 16.5 million to 17.3 million pounds and beef from 35 million to 48 million pounds. The expansion areas would be: for mutton--Hounslow, Lionel and Mitchell Towns in Clarendon; beef--Midlands St. Ann, Alcan, Manchester, Green Castle, St. Mary, Shettlewood, St. James, Westmoreland and Hanover.

Fish would move from the current 30 million pounds imported annually to a local production figure of 48 million pounds (a 125 percent increase), would provide 1,000 new jobs and would save US\$24 million.

The fish project would require 4,000 acres of fish pond to do this and the expansion areas would be in White River, St. Mary, Black River Upper and Lower [words illegible] St. Elizabeth, St Jago, Clarendon, White Horses and Duckenfield, St. Thomas, Savanna la-Mar, Westmoreland, Fellowship and Innswood in St. Catherine and Falmouth, Trelawny.

In soya, the country was currently importing 68,000 tons costing US\$30 million a year. In four years, it is planned to replace 30,000 tons and save one half of the cost. That would require 40,000 crop acres. The crops would be rotated with sugar, rice, winter vegetables and tobacco.

In cassava, 60,000 tons were required to replace one-third of the animal feeds needs. Some 4,000 acres were required, of which 2,000 acres were already located. It would produce 800 new jobs and save US\$10 million in foreign exchange. It would be grown mostly in the Midlands area of St. Ann.

Other crops undergoing expansion, he said, were coffee in which 3,500 acres in the Blue Mountains were already financed, as well as 3,000 acres each in cocoa and citrus, and the Coconut Industry Board had a target of 11,000 acres by end of next year.

CSO: 3298/125

## BAUXITE PRODUCTION UP 32 PERCENT IN FIRST THREE QUARTERS

FL221840 Bridgetown CANA in English 1753 GMT 22 Oct 84

[Text] Kingston, Oct 22--Jamaica's bauxite production for the first nine months of this year increased by nearly 32 percent when compared with figures for the same period last year.

But the Jamaica Bauxite Institute (JBI) warned that these figures did not indicate any real recovery in the industry. The JBI expects a continued fall in bauxite output for the rest of the year and until the first quarter of 1985.

A significant portion of the bauxite produced in the January-September period this year was for a one shot shipment under a stockpile agreement between Jamaica and the U.S.A. [and] was by Reynolds, which ended operations here at mid-year, the JBI pointed out.

Some 7,084,000 tonnes of bauxite was mined during this period. An estimated 3,132,074 tonnes was exported crude and 3,132,274 tonnes was refined into alumina--an eight percent decline on the first nine months of last year.

Said the JBI, a government agency that monitors the industry, "the substantial increase in bauxite shipments (production) should be interpreted with caution, as 879,316 tonnes represented (A) once and for all GSA (U.S. General Service Administration) shipment and (B) 1,031,699 tonnes were a Reynolds mines final shipment."

Production of bauxite for government contract represented 30.1 percent of total production.

The JBI said the decline in alumina export was due mainly to an industrial dispute here at the Alpart refinery earlier in the year that shut down the plant, and the lack of power at a smelter in Ghana, which idled that plant--traditionally supplied by Jamaica.

Said the institute: "Following the closure of Reynolds' Jamaica mines and the completion of the GSA stockpile agreement, bauxite shipments will continue the downward trend evident over the last few years. In terms of alumina, recent cutbacks in North American capacity as well as other factors suggest that there will be no improvement in the market for the rest of the year and at least for the first quarter of 1985."



SPAULDING COMMENTS ON RUMORED SHAKE-UP IN POLICE FORCE

Kingston THE DAILY GLEANER in English 26 Oct 84 p 1

[Text] There is no truth in rumours that there are to be lay-offs in the Police Force, and police being put out are being done so in the national interest, Minister of National Security and Justice, the Hon. Winston Spaulding, said yesterday.

He was addressing the first half-yearly meeting of the Special Constabulary Force Association at the opening of its two-day session at the Government Conference Centre, Kingston.

Since August 1 last, three Assistant Superintendents, and an Inspector, have been retired early, and seven Acting Corporals and Constables, not re-enlisted.

Eight other policemen are not to be re-enlisted when their five year contract expires next month, the GLEANER understands.

Mr. Spaulding said: "There have been rumours taking place recently about lay-offs of policemen. The chairman of the Police Federation requested a meeting with the Commissioner and myself, as a result of reports in the media."

"We unhesitatingly said there was no truth in the reports about lay-offs in the security forces, against the background of redundancies in the public sector."

The Minister said however there were reports concerning discipline in the Force, and just complaints of the people about misbehaviour was something to be dealt with in the national interest.

As a matter of policy they had removed from the ranks of the security forces people who were tainted. "It is something which is non-negotiable," Mr. Spaulding said. If there was justification of individual cases "yes." But the overall policy was "no."

No single institution or individual was to blame; there was a plurality of factors, and they were trying to contain it. A fundamental problem existed which was flattering to no one, and things had to be done about it.

They would not be re-enlisting anyone for another five years if they were not proven suitable by their record.

Mr. Spaulding also dealt with what he called the ambivalent attitude of the Jamaican people where they said ganja should be "freed-up and guns clamped down on" when most of the guns were coming on ganja planes.

"Let us have a national debate on crime and national security and get away from all the hypocrisy and get down to common will and understanding in the fight against crime," he said.

CSO: 3298/143

## STONE POLL ASSESSES PERFORMANCE OF GOVERNMENT MINISTERS

Kingston THE DAILY GLEANER in English 25 Oct 84 p 3

[Text] Note: The September 1984 Stone Poll was carried out by Professor Carl Stone under the sponsorship of THE DAILY GLEANER's management over the period September 13-21, 1984. The sample includes 926 persons (18 years and over) and was spread over 48 areas across the island. The sample error is estimated at - or + 5 percent. This is the first Stone Poll being done for 1984.

The September 1984 Stone Poll asked members of the public to name which ministers of government were doing a good job.

Public Utilities and Transport Minister Charles came out on top with favourable mention by 30 percent of the persons interviewed. In spite of the constant complaints about utility bills and mini-bus problems, Charles still retains considerable public credibility. Indeed, he received the largest number of accolades given by PNP supporters, JLP supporters and the politically uncommitted.

His rating has, however, fallen since we asked this question last in October 1983. At that time he received favourable reference by 41 percent of the persons interviewed.

Prime Minister Seaga was placed second with 12 percent, compared to 28 percent in October 1983. Youth Minister Bartlett was third with 9 percent compared to 3 percent and sixth place in October 1983. Agricultural Minister Broderick was fourth with 8 percent compared to 2 percent and tenth place in October 1983. Fifth was Deputy Prime Minister Shearer with 5 percent, compared to 13 percent and third place in October 1983.

Health Minister Baugh who ranked 4th in October 1983 has dropped to 6th place with 2 percent compared to an earlier 10 percent. Public Service Minister who ranked 5th with 4 percent in October 1983 as Minister Youth has dropped out of the picture as has the former minister of tourism Mr. Abrahams who ranked number 9 in the October poll. Education Minister Gilmour has dropped from 7th to 9th position.

Spaulding has moved up from number 11 to 7 and Vaz from number 14 to 9.  
Golding improved from number 13 to number 10.

Question:

What are your views about how the ministers of government have been performing? Which ministers are doing a good job?

Answers:

Ministers named	% mentioning ministers
Charles.....	30.5%
Seaga.....	12.7%
Bartlett.....	9.8%
Broderick.....	8.7%
Shearer.....	5.2%
Baugh.....	2.5%
Spaulding.....	2.3%
Gilmour.....	1.9%
Vaz.....	1.5%
Golding.....	1.0%

Each figure represents 10%

CSO: 3298/143

JAMAICA

BRIEFS

CRACKDOWN ON CRIME--Four men were shot dead, four firearms recovered, three men charged with illegal possession of firearms and ammunition, and 43 persons detained for questioning in stepped-up anti-crime operations by the police in the Corporate Area, St. Catherine and St. Thomas on Wednesday. [Excerpt]  
[Kingston THE DAILY GLEANER in English 26 Oct 84 p 1]

CSO: 3298/143



WASTEFUL PEMEX, STPRM FINANCIAL PRACTICES CATALOGUED

'Bureaucratic Explosion'

Mexico City PROCESO in Spanish No 409, 3 Sep 84 pp 13-17

[Text] Despite the austerity in Mario Ramon Beteta's "new PEMEX," the squandering has not stopped.

The massive creation of new positions of trust, the sinecures for the union, the luxury spending and the practice of "assigning" workers to jobs dissociated from the entity (all of this with documentary evidence) show that the situation has changed very little in the administration of Mexican Petroleum.

With Jorge Diaz Serrano it underwent fabulous prosperity; with Julio Rodolfo Moctezuma, it collapsed completely; and with Beteta it is experiencing the severest "republican austerity."

This is so despite his own comment: 3 months after assuming the position, Beteta remarked: "In the new austere Mexico, the new PEMEX is coming into existence."

Nevertheless, the facts attest to an explosive bureaucratic growth and the persistence of evils which were exposed (and even condemned) under the previous administrations.

Beteta has often talked about austerity as a fundamental rule of conduct in the current PEMEX administration. And hence he has stressed the need for not increasing the contingent of workers at the agency for which he is responsible.

For example, on 18 March 1983, in his first activity report, he noted: "PEMEX must heighten its awareness of productivity, measure it and require it; redistribute its personnel so that they may be better utilized; become decentralized; reinforce professional training and updating; and at all costs avoid excessive growth in its personnel."

On 16 August of this year, the workers from the technical and professional branch of Local 34 of the Trade Union of Petroleum Workers of the Mexican Republic (STPRM) disclosed that, during the Beteta administration (which was only 21 months old), 1,655 new positions had been created for employees

enjoying confidence at PEMEX's general offices alone. This, they charge, has been done in overt violation of the terms stipulated in the collective work contract.

The bureaucratic apparatus has been expanded grossly: From 27 manager's positions that existed when Beteta took over the general management, on 2 December 1982, the number now totals 79. Instead of three deputy directors, which there had been, it now has seven.

Documents procured by PROCESO prove that, in only 20 days (from 24 May to 13 June 1983), the PEMEX general administration authorized the creation of at least 405 new slots (371 of which were for positions of confidence); which represents an additional annual outlay of over 540 million pesos. And in only 20 days.

There is also convincing evidence of the soft jobs that the PEMEX administration is continuing to give to union leaders. In a single document, STPRM's debts amounting to 78 million pesos were "cancelled," and the donation of an additional sum of 54 million pesos was approved, with the stroke of a pen: 132 million "extra" pesos for the poor union, whose normal income exceeds 2 billion pesos per year, and whose economic prosperity is such that its leaders have decided to stop collecting dues from its members.

Another evil has continued with Beteta: PEMEX workers, paid by PEMEX, but "assigned" to entities as formally dissociated as the PRI [Institutional Revolutionary Party].

At least until 4 August of this year, six workers on the table of organization were in that situation, as were nine persons "hired for professional services and assigned to the PRI."

Insofar as we know, there has been no cancellation of the "leave with pay and benefits" granted to another 20 individuals by the Diaz Serrano administration and renewed "by instructions from the director general," Mario Ramon Beteta, on 28 December 1982. Included among those "assigned" are the public relations agent and defense attorney for the currently jailed former PEMEX director, Enrique Mendoza, and 13 members of the USPS Delta Group," assigned to Diaz Serrano's residence.

A minor, minimal example of the waste that prevails is the expenditure of 3.6 million pesos for books given as gifts to the regular medical personnel last year on the occasion of "Doctor's Day."

This might be called a minor offense, but its seriousness is greater than ever now. And it was Beteta himself who said so, on 12 April 1983. When meeting with the Chamber of Deputies' Energy Commission, he stated verbatim:

"I would say that the entire scale of values prevailing at Mexican Petroleum must be changed; a scale of values slightly out of proportion, associated with a period of enormous prosperity, wherein waste and excess were venial sins.

For there is a situation wherein failure to carefully, intelligently and, in particular, honestly administer all the funds represents a sin of a mortal nature...."

#### Bureaucratic Explosion

Possibly as a mere tactic to retain his power, in February 1983, Joaquin Hernandez Galicia, "La Quina," accused the newly introduced administration of his then apparent enemy, Mario Ramon Beteta, of fostering the bureaucratic system in the company, and filling it with "recommended" and "incapable" people.

The STPRM leader said that the people "have to bear the burden of the large payrolls represented by the attachment, at the beginning of the 6-year term, of hundreds of foot-draggers who collect without producing, as in the case of the 17 new managers appointed at PEMEX, who are, of course, accompanied by a horde of clerks, chauffeurs and aides who have been recommended."

Once he had served his purposes, "La Quina" did not stress again the "waste and the bureaucratic system" that he had scored then under the present PEMEX administration. But his charges were correct.

The evidence (as an example) lies in 15 agreements by the PEMEX director general, all signed between May and June 1983, whereby a total of 405 new slots were created in the agency:

29 positions of confidence for the Strategic Planning Management. Additional annual outlay: 43,781,680.00 pesos. Agreement No 15/103/83, of 24 May 1983.

75 positions of confidence and 11 unionized jobs for the Regional Development Management. Additional annual outlay: 113,077,470.00 pesos. Agreement 15/104/83, of 26 May 1983.

44 positions of confidence for the Commercial Planning and Market Technology Coordinating Office. Additional annual outlay: 61,156,037.60 pesos. Agreement 15/116/83, of 9 June 1983.

53 positions of confidence and 11 unionized jobs for the Crude Oil Exporting Management. Additional annual outlay: 86,680,382.00 pesos. Agreement 15/130/83, of 7 June 1983.

10 positions of confidence for the Petrochemical Products Foreign Trade Management. Additional annual outlay: 29,413,524.29 pesos. Agreement 15/125/83, of 10 June 1983.

43 positions of confidence and six unionized jobs for the International Market Analysis and Evaluation Management. Additional annual outlay: 63,303,339.73 pesos. Agreement 15/119/83, of 10 June 1983.

Two positions of confidence and one unionized job for the International Trade Coordinator's Office Technical Administrative Section. Additional annual outlay: 2,615,228.63 pesos. Agreement 15/127/83, of 11 June 1983.

20 positions of confidence for the Industrial Promotion and Branch Companies Coordinator's Office Requirements Evaluation Unit. Additional annual outlay: 28,841,360.00 pesos. Agreement 15/122/83, of 11 June 1983.

Four positions of confidence for the International Trade Coordinator's Office Administration and Control Unit. Additional annual outlay: 6,979,630.48 pesos. Agreement 15/128/83, of 11 June 1983.

22 positions of confidence and six unionized jobs for the Major Suppliers Promotion Management. Additional annual outlay: 34,581,365.00 pesos. Agreement 15/121/83, of 11 June 1983.

35 positions of confidence for the Industrial Development Management. Additional annual outlay: 45,078,245.00 pesos. Agreement 15/124/83, of 12 June 1983.

10 positions of confidence and four unionized jobs for the Industrial Promotion and Branch Companies Coordinator's Office Small and Medium Suppliers Promotion Unit. Additional annual outlay: 18,291,536.00 pesos. Agreement 15/123/83, of 13 June 1983.

Seven positions of confidence for the respective Coordinator's Office Branch Companies Coordination and Control Unit. Additional annual outlay: 10,334,783.00 pesos. Agreement 15/120/83, of 13 June 1983.

Two positions of confidence and one unionized job for the Industrial Promotion and Branch Companies Coordinator's Office Technical Administrative Section. Additional annual outlay: 2,695,826.00 pesos. Agreement 15/117/83, of 13 June 1983.

All these agreements which, when combined, represent an extra annual outlay of 546,829,907.83 pesos for PEMEX, have shown up authorized with the signature of the technical administrative deputy director, Roberto Morales Martinez, "P.O. of Mario Ramon Beteta Monsalvez, director general."

On 24 June 1983 (a few days after that marathon of agreements to form new departments and create new slots), Beteta send the company's zonal managers and deputy directors Circular Letter 1937:

"In order to fulfill the instructions from the federal executive branch with regard to administrative effectiveness and efficiency (says the director general in his message), I request that you take note of the immediate implementation of the measures cited below."

In point three of that circular letter, Beteta declares:

"In the proposals for creating or reorganizing administrative units, the following specific guidelines must invariably be taken into account:

a. Simplifying the administrative structures to the maximum possible extent;  
b. Limiting the growth of backup and services organs....d. Avoiding the creation of organs whose functions would be duplicated; e. Attempting to prevent the institution's total personnel roster from increasing, based on the prevailing austerity regulations." Once again, words.

#### Sinecures and Spending

Mario Ramon Beteta was secretary of finance and public credit during the last 2 years of Luis Echeverria's government (1975-76). During Jose Lopez Portillo's 6-year term, he served as director general of the Mexican bank, SOMEX [Mexican Association for Industrial Credit]. When Miguel de la Madrid Hurtado arrived in the presidency of the republic, he appointed him director general of PEMEX, while Julio Rodolfo Moctezuma (who held that position at the conclusion of the Lopez Portillo government, replacing Jorge Diaz Serrano) went to SOMEX to take his place.

An attorney and economist, now 58 years old, Beteta knew the challenge that was awaiting him. He said so at the meeting with the Chamber of Deputies Energy Commission on 12 April 1983:

"It has befallen us to take charge of this extremely important institution at a very time of exceptional crisis, a crisis so deepseated that those of us here present have certainly not experienced its like in our country; which demands and necessitates an effort, not only for austerity, but also for careful, rational, intelligent administration of the resources that we have in our care."

A drastic change of the situation in PEMEX was required. He claimed that it was necessary to restore "republican austerity," and to create a "new PEMEX."

But he had been in office only 5 days when he agreed with pleasure to extend the assignment of Mrs Maria Gonzalez Ayon, attached to PEMEX's Legal Management, "so that she may continue to collaborate in the national leadership of the Popular Socialist Party [PPS]." The PPS leader, Jorge Cruickshank Garcia, was informed of this in a letter sent to him on 7 December 1982.

Two weeks later, on 28 December, "at the instruction of the director general," Bereta's private secretary, Jose Luis Vergara Cabrera, notified PEMEX's technical administrative deputy director of the renewal of the permission enjoyed by 20 collaborators of former director Diaz Serrano, benefiting from salaries paid by the company.

Another example of the care with which the nation's resources are being cared for in Beteta's "new PEMEX" is the agreement on the part of the technical administrative deputy director, Roberto Morales Martinez, dated 27 June 1983.

"Based upon the arrangements made during the cordial talks held with the union representatives," he agreed to cancel STPRM's debts amounting to 78 million pesos. These were the sums owed by it:



25 million pesos from a loan granted to STPRM to pay for its employees' Christmas bonuses;

38 million pesos from a loan made to the Supply Center for "various operations performed by the latter";

10 million pesos from the loan made to STPRM's Local 9 for its savings fund and shop;

5 million pesos from a loan to STPRM's Local 33, to defray "medical expenses abroad for the late Jesus Esquivel Luna."

But that is not all. In the same agreement made by Martinez Morales, there is approval for the STPRM National Executive Committee's request for an additional gift of 54 million pesos: 40 million "to expand sports in general for the oil workers throughout the system"; 9 million "to pay for premises and storage facilities charged to the Supply Center"; and 5 more million "to pay for the purchase of radiocommunications equipment" at the Madero, Cadereyta, Coatzacoalcos and Comalcalco refineries.

Another document in the possession of PROCESO is a receipt from the executive committee of STPRM's Local 42 (Tampico), for 7 million pesos, as a "subsidy" from PEMEX "to transport workers engaged in offshore drilling...." based upon the technical administrative deputy director's agreement No 12-043-83. The receipt is dated 20 October 1983, and it is signed by the local's secretary general, Clemente Juarez Guzman.

One other: On 14 June 1983, PEMEX assumed a debt of \$9 million which STPRM's Local 11 owed to the Libra Bank, Ltd.

An internal message from the deputy director of finance, Joaquin Munoz Izquierda, dated 9 August 1983, stipulates the method for paying that debt, by withholding 30 percent of the union dues, savings funds and transportation funds, and 2 percent of the payments to contractors. It is specified that the payment is to be made in 12 installments, starting in January 1984 and ending in July 1989.

Further "loans" to STPRM, permits "outside regulations" requested by the union leadership, "assignments" of PEMEX employees to work in political institutions, authorization of expensive remodeling projects in PEMEX's central offices and other documents complete the partial records which depict the image of the "new PEMEX."

This comment came from Beteta himself: "We are ready to promote the restatement of the obligations incumbent upon us, and to enforce among the working comrades the same standards of integrity, austerity and productive efficiency, realizing that inefficiency and waste are also a type of corruption."

## Remodeling Expenses

Mexico City PROCESO in Spanish No 409 3 Sep 84 pp 12-13

[Text] Proof of the wasteful spending and plunder at PEMEX lies in the projects for "remodeling" and "improving" the offices of that agency's Technical Administrative Management and the General Management itself, respectively, carried out at the beginning of this administration.

According to an internal report from the Technical Administrative Services Management (official memorandum 77111-258/83), for the "remodeling" of the offices on the 12th floor of building A, payments were authorized to the supplying firm, Industrial Implementation, Inc, totaling 28,268,861 pesos; whereas the real cost of that project was 16,119,086 pesos. In other words, the extra payment of over 12 million pesos was approved.

The official memorandum, signed by the Technical Services and Industrial Safety coordinator, Erasmo Marin Cordoba, and dated 17 May 1983, was addressed to the auditing manager, Francisco Nyssen. In it, he was informed of the irregularity that had been discovered, and it was suggested that he inspect the costs of other projects carried out by the same company in different parts of the republic.

Another "confidential" PEMEX document, this one from the Auditing Management, cited "serious irregularities" detected in the projects to "improve" the General Management, also assigned to Industrial Implementation, Inc.

This second document is signed by the auditing manager, Francisco Nyssen, and addressed to the technical administrative deputy director, Roberto Morales Martinez. It is dated 25 March 1983, and has as a reference code SF-9-904/83, and the mark "confidential."

It stipulates that the firm Industrial Implementation, Inc, submitted estimates of 25,904,682 pesos between 18 December 1982 and 15 March 1983, of which sum 17,525,865 pesos had already been paid; all for "improvement" projects in the offices of the director general, Mario Ramon Beteta.

The document states that the Auditing Management opened the investigation of the matter when the payments made to the supplying firm "were brought to our attention." An analysis was then made of its estimates, and there was an investigation among other suppliers of the prices of some of the work done by Industrial Implementation, Inc.

To obtain prices of carpeting and draperies, the firm Condesa Exclusives was contacted, and for those of aluminum windows and doors, Santa Monica Metals, Inc, was approached. This was done by way of a sampling.

The comparison of estimates showed an overpricing in the invoices of Industrial Implementation amounting to 270 percent for carpeting and draperies, and 437 percent for aluminum windows and doors.

The Auditing Management has concluded that "there were possibilities of saving" if there had meanwhile been a proper inspection of the aforementioned transactions. It is also of the opinion that there were "excessive payments" for other items. It cites several examples:

For a wooden platform measuring 30 square meters, 323,240 pesos was paid.

For a false overhang of the same dimensions, another 387,985 pesos.

For painting the Secretariat office, 542,266 pesos.

To move seven pieces of furniture so as to install the carpeting, 39,900 pesos (5,700 pesos to move each piece).

To install and supply 68 lamps, 1,283,160 pesos.

To install and supply a globe-type spotlight, 28,000 pesos.

To paint an overhang measuring 155 square meters, 1,399,436 pesos was paid.

To remove four wooden doors, 16,000 pesos.

To disassemble a piece of mahogany furniture, 50,000 pesos.

To clean the floor, 106,000 pesos was paid.

The report indicates a clearcut liability:

"We noted that the payment of 17,526,865 pesos to the firm Industrial Implementation, Inc had not been inspected by the unit prices section, at the instruction of the general superintendent of internal administration of the Technical Services Management, Eduardo Gonzalez Ponce, according to a message sent to Mirna E. Lopez, chief of the general budget department, in official memorandum 7111-0408/83, dated 1 March 1983."

The official memorandum from the auditing manager then explains: "This order runs counter to the procedures established to pay for this type of operation."

In an annex, it cited the difference between the supplier's costs and those of PEMEX's Price Section in another 16 operations carried out on the project to "improve" Bereta's offices. The supplier quoted for them a total of 1,418,000 pesos; whereas the Price Section's cost was only 395,318 pesos. In other words, there was a difference of 1,123,400 pesos between the two quotations.

A second annex completes the scope of the spending. In it are listed the estimates made by Industrial Implementation for various projects in PEMEX's General Management itself; for example, for the improvement of the private secretary's office, more than 19 million pesos.

Austerity has been no obstacle to the "improving" and furnishing of Mario Ramon Beteta's office with every luxury. This was shown by the foregoing data; and is confirmed by the list of furnishings to be provided for the "General Management dining rooms" located on the Pemex tower's 45th floor. That list includes:

For dining rooms one and two: a cupboard with rustic inlay; a Mexican chest with a base in the center; a "16th century reproduction of a carved credenza"; and a "Chippendale" Mexican table.

For dining rooms three, four, five and six: 31 1.20 meter square side tables, with metal bases; 106 mahogany dining chairs; a settee covered by fabric or liana, with a fine varnished finish; four mahogany serving chests or carving tables; and four decorative mahogany tables.

For the "buffet area": 10 round tables, 1.10 meters in diameter, with metal bases and wood paneling; three convertible rectangular buffet tables; and 36 "Austrian style" buffet chairs.

The estimated cost of this furniture, based on the respective document of the PEMEX Technical Administrative Services Management, is 11,953,000 pesos. The list carries code 800-70000-0025, 0026 and 0027, and is dated only 10 July of this year.

And there is more: two orders (Nos 800-13-4-4562 and 800-13-4-4563) for aluminum blinds, costing a combined sum of 36,765,000 pesos.

#### Contracts Given Without Bids

Mexico City PROCESO in Spanish No 409,3 Sep 84 pp 14-15

[Text] Without subjecting the award of the job to prior bidding competition, Mexican Petroleum granted Papanoa Industries a contract for the construction of a hotel for pilots in Ciudad del Carmen. "This is an illegal case of favoritism," in the opinion of engineer Humberto Mota, owner of the firm California Construction, which does the same type of building that the benefiting company does.

Engineer Humberto Mota's complaint was sent to Maria Emilia Farias Mackey, the complaints director for the Presidency of the Republic, evoking explanations from PEMEX which contain contradictions. PROCESO has copies of the correspondence.

On 4 June 1984, PEMEX's deputy director of Project Design and Construction, Fernando Manzanilla Sevilla, informed the Presidency of the Republic's complaints director (in official memorandum SPCO 494) that "this contract was actually awarded without bidding competition to Papanoa Industries, Inc."

He explained that the reason for this award was due to the urgency of the project, Papanoa Industries' rapid execution period (120 days) and the use of various patents, consisting of the use of construction systems based on assembled and prefabricated lumber. He quoted Article 30 of the Public Works Law,

which allows the awarding of contracts when "they can only be made with a particular person, because the latter is the owner of the patent or patents required to execute the project."

Later, on 12 July, PEMEX's General Management informed the same complaints department of the Presidency of the Republic of "the results of the bidding competition in which engineer Mota had recently participated," and included a copy of a memorandum in which the deputy director of Project Design and Construction for PEMEX carefully lists the details of that bidding competition, which finally ended with an award to Papanoa Industries, Inc." The document is signed by the private secretary, Alberto Mayoral Calles.

It should be mentioned that there was no such participation, if one considers the fact that, in the previous document from the deputy director of Project Design and Construction (SPCO 494), it is clearly stated that there was no competition and that the award was made directly.

In the "memorandum," emphasis was again placed on the same reasons which prompted PEMEX to award the contract, in order to provide "suitable housing for the crews of the aircraft units owned by this institution."

The reasons were expanded upon. In point 4 of the "memorandum," it was explained that PEMEX personnel paid visits "to various projects built with Papanoa Industries' patented system, checking their quality, which makes this superior to that of other special construction systems." Point 5 notes that the cost analysis was made comparing the traditional system with that of prefabricated models. With the former, the project would be completed in 16 months, and its cost would be 230 million pesos; whereas with the latter it would be finished in 120 days and 219.4 million pesos would be spent.

Next, in point 6, it states: "The complaint made very personally and directly to the Presidency of the Republic by engineer Humberto Mota, of California Construction, lacks veracity, is not backed by the Public Works Law and is based on a merely personal interest, inasmuch as this engineer Mota has a system competing with that of Papanoa."

In other words, PEMEX agrees that Papanoa Industries did have a competitor, who in this instance, was California Construction.

The "memorandum" remarks that the engineer is unfamiliar with the Public Works Law (point 7), and then explains (point 8) that, "to put an end to this problem, there have been talks with the directors of the Chamber of Construction to set one of its members straight; because when there are doubts or disagreements, the dealings are always carried out through the Chamber, and not through personal initiative."

In response to the messages from PEMEX, engineer Mota sent a "commentary letter" to the Presidency of the Republic. He questions the urgent nature of the project: "Ciudad del Carmen had its greatest influx of workers and various types of personnel 4 years ago. At present, PEMEX has only maintenance



personnel there, those in administrative and engineering offices, and pilots. The rest are working on platforms.

"We should remember that, during the previous two 6-year periods, the urgency was what provided the basis for the large-scale squandering and diversions; but that should not be happening now when it is Miguel de la Madrid Hurtado's intention to recover the people's confidence."

In his text, dated 14 August, he explains that the studies and visits made by PEMEX personnel to give the final award of the contract to Papanoa Industries were based on projects that his firm, California Construction, did for the parastate company, including the building in the same maritime area of Ciudad del Carmen (the first and second modular buildings of the maritime management's expansion), constructed with the basic assembled and prefabricated lumber system.

"As for the period that the contractor (Papanoa) offered for completing the project, there is no comment, because no other company was asked how long it would take to complete it. Similarly, we have no information on how much the 219.4 million peso sum would have been cut had there been a call for bids and an award based on competition, legally."

He then suggests to the complaints director of the Presidency of the Republic that she request PEMEX's General Management to expand upon the information regarding the patents, such as "the patents' registration numbers, their dates and other data that could be checked in the Office of Trademarks and Patents; because we have been searching there for 2 months personally, with negative results."

Engineer Mota is also of the opinion that it is wrong to make the comparison of the costs of the project between the traditional system and the modular construction system using lumber. "A fair comparison cannot be made unless it is made with two equal systems. In every project, the specifications are the same for all those competing in a call for bids."

In paragraph 6 of the "memorandum," the PEMEX General Management explains: "We now admit that there is a system competing with the one of the firm to which the contract was awarded directly. If this is accepted, why weren't we notified of this fact prior to the awarding thereof? PEMEX and the country's economy would have gained."

The Chamber of the Construction Industry could not intervene in the dispute because two of its members (Papanoa Industries and California Construction) are involved. Nevertheless, engineer Mota claims that engineer Beltrán, coordinator of the PEMEX-Chamber, told him that this was a "very delicate matter, because it involves the award of a contract with that price, and the level of PEMEX's General Management."

He agrees that PEMEX's General Management should request the intervention of the Chamber of Construction, so that, "through its technicians...there could

be a check of the existence of the so often mentioned patents and their legality; because if their registration is not convincingly proven, this will be a 6-year period of negotiated contracts wherein every contractor will be protected by some patent, just as they were protected by cronyism or bribery in the past."

### Slop Oil Scandal

Mexico City PROCESO in Spanish No 411, 17 Sep 84 pp 10-13

[Text] The administration of the "new PEMEX" has concealed another illegal deal by the oil workers' leaders: the sale of slop oil to the United States; another sinecure.

And of these dimensions: The deal represents additions profits of about 400 million pesos per month for the clique headed by Joaquin Hernandez Galicia, "La Quina."

Mexican Petroleum has allowed it, realizing that it is an illegal act; and it knows this because the attorney general of the republic, Sergio Garcia Ramirez, himself, made it known to PEMEX's director general, Mario Ramirez Beteta, himself, last December.

The trade involving slop oil was originally sponsored by the ill-fated administration of Jorge Diaz Serrano. In fact, during 1980, an unconstitutional "concession" was granted to the leaders of the Trade Union of Petroleum Workers of the Mexican Republic (STPRM) enabling them to do so.

Nevertheless, there is documentary evidence that the business flourished during the 6-year period of moral renewal, now under Beteta's management, heading the parastate company; and also of the fact that the PEMEX director knows that the so-called "concession" violates constitutional precepts of Mexican Petroleum's Organic Law. Hence, the situation is doubly serious.

Protected by the spurious "concession" of 1980 (granted by the superintendency of the Salamanca refinery, then headed by Roberto Gutierrez Zermeno), in April 1983 the STPRM leaders signed a contract with the United States company BMR Enterprises, Inc, for the initial sale to the latter of 300,000 barrels of slop oil. The agreement was endorsed by a high-ranking PEMEX official, assigned to the company's agency in Houston, Texas, in the capacity of a "witness."

They also agreed on the sale of between 150,000 and 200,000 barrels per month up until December 1984, at a base price of \$12 per barrel; in other words, a sale amounting to between \$1.8 and \$2.4 million per month. And the big business started.

From the initial transaction alone, the vendors received \$3.6 million (about 575 million pesos at the rate of exchange at that time).

On 1 December 1983 (over 7 months after that contract was signed), Mario Ramon Beteta sent a letter to the attorney general of the republic, Garcia Ramirez.

In it, he requested the nation's attorney to give him his legal opinion on giving the "concession" granted "by the superintendent of a refinery" for removal, collection, storage and sale of the residue in Mexican refineries and industrial plants.

Garcia Ramirez gave Beteta his legal opinion in a letter of reply dated 12 December of the same year; and it was to the effect that neither the General Constitution of the Republic nor PEMEX's Organic Law allowed a "concession" of that kind.

Despite this, PEMEX has not announced to date that the "concession" has been revoked, nor that the transaction for the sale of residue has been halted, much less that the pertinent legal action has been taken against those guilty of an illegal act. On the contrary, there have been recent public disclosures that the business is continuing, and, what is even worse, that the alleged slop oil that the STPRM leaders are selling to the United States is actually, at least on occasion, crude oil.

### The Big Business

Slop oil is, technically, a type of petroleum that might be called "second-grade," consisting of the residue that settles in the storage tanks and the oil that runs off during the extraction and refining. It is obviously a hydrocarbon that can be used if given a certain treatment, and there is a big demand for it in United States refineries.

Evidence of this is the business that its sale represents.

The contract signed between STPRM and BMR Enterprises, dated 29 April 1983, is filled with strange features, some of which are particularly telling.

As a representative of the purchasing United States firm, with a domicile in Houston (5001 Savoy, Suite 203) there appears Mr Jesse Martinez, accredited with a power of attorney; and, as the vendors' representatives, the Messrs Gregorio Torres Torres and Prof Enrique G. Valencia Morales.

Although the document is entitled "contract between STPRM and BMR Enterprises, Inc," Torres Torres and Valencia Morales are mentioned in it as "representatives of Mr Hermilo Reyes Cobos, holder of the title to the residue from the Salamanca refinery and from other deposits."

This entitlement is accredited by two official memoranda: one from the office of the Engineer Antonio M. Amor Refinery, in Salamanca, Guanajuato (No 1214, record 9/303, registration 371232, dated 13 November 1980); and the other from the contracts office of STPRM's Local 24 (dated 19 November 1980).

Also mentioned in the contract is the fact that the existence of the private firm known as Rapid Construction and Drilling, Inc, has been duly accredited;

and that it "will be used as a vehicle in Mexico to manage the work and the facilities that may be required at the Salamanca refinery." An interesting fact,

one of the vendors' two representatives, Prof Enrique G. Valencia Morales, is a person very close to "La Quina," also enjoying the latter's complete confidence. He is one of his officials for business, as shown by his position as secretary for financial organization of STPRM's General Executive Committee, officially headed by Senator Salvador Barragan Camacho. Valencia Morales is also vice-chairman of the administrative, fiscal, financial and accounting management of the union's projects.

The other representative, Torres Torres, is, oddly enough, chairman of the board of administration of the firm Rapid Construction and Drilling, Inc, the very one mentioned in the contract.

As WOJESKO discovered in the Public Registry of Property, that company was formed on 21 November 1977, with capital of 500,000 pesos (registration 275, volume 1037, page 273, third section). Appearing as founding partners are Jose Luis Hernandez (president), Arturo Torres Torres (secretary), Gustavo Alaraz Aragon (secretary), Marta Lara Alcaraz and Jose Davila Narvaez.

What is the purpose of the firm are: oil facilities, pipeline construction, electromechanical facilities, civil projects, mechanized dirt moving and soil remediation. The notary recorded a legal caveat: "on the understanding that the execution of oil facilities is to be carried out after prior authorization has been obtained from Mexican Petroleum."

In August 1981 the minutes of a meeting of the aforementioned firm, held on 27 April of the same year, were entered in the registry. At it, it was decided to increase the capital to 10 million pesos and to appoint Gregorio Torres Torres as new chairman of the board.

As for Hermilo Reyes Cobos, mentioned in the contract as "holder of the residue," to the residue, he is a "piece-work contractor" from Salamanca, who works regularly on projects for STPRM's Local 24. He has a close relationship with Fernando Carvajal Servin, a member of the union's General Executive Committee, who was, to be sure, one of the speakers during the recent marking of the union's 49th anniversary, in Salamanca. In other words, he is another close of "La Quina" and Barragan Camacho.

There are some other interesting things in the terms of the contract with BMR Enterprises.

For example, in Clause 1, the vendors (who claim to have "complete authorization" for making this contract) note that they have available "approximately 100,000 barrels of residue from the refinery, of various types, for immediate delivery." It is explained right there that, "in addition, BMR Enterprises has permission to continue the operation until December 1984."

In Clause 2, the purchaser, BMR Enterprises, states that it has analyzed "one by one," the different types of residue cited in the first clause, and that it "is interested in procuring them immediately."

Next, there is a particularly significant notation: "Analyses made by Saybolt indicate that the material is very similar to Isthmus crude." Watch out!

According to Clause 3, the vendors are putting at the purchaser's disposal "experienced personnel" including technical and administrative workers, to load, move and check the material; and, based on Clause 4, "there is a commitment to make available any type of assistance and backup" that might be required to facilitate the operational portion exclusively, at the purchaser's expense.

In Clause 5, a price of \$3 per barrel is agreed upon for the "existing" residue (the first 300,000 barrels); but in Clause 10 it is stipulated that, when 3 months have elapsed, the base price will be \$12 per barrel, subject to the adjustments caused by changes in the international price of the Isthmus and Maya crude mixture, which at that time was priced at \$26 per barrel.

Clause 6 specifies that the transportation of the slop oil to the border will be paid for by the purchaser and that, at the latter's request, the vendors may contract for this transportation.

The contract, of a "private" nature, was signed by Jesse Martinez as "purchaser," and by Torres Torres and Valencia Morales as "vendors," and also by Victor Cillis Schilling and Jose Munoz de Cote, as "witnesses." The latter is another interesting name.

Four days before the signing of the contract, on 25 April 1983, Munoz de Cote was contracted by PEMEX as "chief of the Resident Auditor's Section at the company's offices in Houston."

His appointment, retroactive to 18 April, at "grade 38" on the company's personnel roster, is recorded in official memorandum SDC-214-83, signed by Donaciano Tames Fuentes, deputy commercial director, and sent to the deputy technical-administrative director, Roberto Morales Martinez.

The document ("definitive hiring of public accountant Jose Munoz de Cote at the offices in Houston, Texas") has been authorized by the signatures of Morales Martinez himself and PEMEX's personnel manager, Pedro Cabrera Vazquez.

This means that the signature of Munoz de Cote as "witness" on the residue sales contract constitutes PEMEX's tacit backing for the transaction; inasmuch as he was by then an important representative of the company. And Mario Ramon Beteta should not have been unaware of it.

There are other documents annexed to the contract that has been described, also dated 29 April 1983.



One of them carries STPRM's letterhead. It is addressed to Jesse Martinez and signed by Prof Enrique G. Valencia Morales. It states, verbatim:

"In fulfillment of the agreement that we have signed on this date, we express to you our willingness to deliver to you from various refining centers in the country volumes amounting to approximately 150,000-200,000 barrels per month of all the residue, subject to new contract terms." Period.

Another written message carries the letterhead of BMR Enterprises, and is signed by Jesse Martinez as "legal representative" of that Texas company. It is addressed to Torres Torres and Valencia Morales, and cites the method of payment for the purchase of the residue "accumulated at Salamanca"; in other words, the initial transaction.

Martinez writes: "I reiterate to you that we have accepted a base price of \$12 per barrel, and that we shall collect as follows: \$100,000 in cash immediately; \$80,000 in a letter of credit at the bank which you decide upon in Mexico City, D.F.; and \$2.7 million in a letter of credit at the bank which you decide upon in McAllen, Texas, U.S.A."

That first transaction alone represented a profit of \$3.6 million for the STPRM leaders.

Jesse Martinez' letter is also signed by Jose Munoz de Cote as "witness." Another signature in that capacity is that of engineer Francisco Ornelas Pedroza, a trusted employee of PEMEX, with file number 37005.

#### The Attorney General's Opinion

While there has been no report of the cancellation of these sales, it may be estimated that, during the 18 months that have elapsed, the oil union heads have delivered to the U.S. buyer no fewer than 3.2 million barrels of slop oil. At the agreed upon price of \$12 per barrel, that amount means profits of \$39.4 million (about 7.48 billion pesos at the current exchange rate).

But BMR, for its part, has also made a great business deal.

According to another document, the U.S. firm (a mere middleman) is selling the slop oil to refineries in its country at the rate of \$18.50 per barrel; in other words, it is accruing a profit of \$6.50 per barrel.

The evidence is a contract signed on 29 May 1983 between BMR Enterprises, as vendor, and Texas Oil, Inc (with domicile at 2315 Southwest Freeway, Suite 212, Houston, Texas), as purchaser, for a sum of \$200,000. Therein, the price of \$18.50 per barrel has been stipulated.

The trade in oil residue carried out by the STPRM heads was publicly denounced on several occasions during the final months of 1983. The journalist Manuel Buendia cited it in his "Private Network" column on 20 October of that year.

And the head of the National Petroleum Movement, Hebraicaz Vazquez Gutierrez, filed a charge with the Office of the Attorney General of the Republic against Hernandez Galicia and Barragan Camacho for that trade in early November (PROCESO No 366).

Nevertheless, it was not until 1 December of that year that Mario Ramon Beteta contacted the attorney general of the republic to request his opinion.

In his letter to Beteta dated 12 December, Attorney Garcia Ramirez expresses his view based, he says, "on a strictly legal standpoint, without attempting to make it have effects linking authorities or private individuals with the affair."

Concretely, the matter about which Beteta was consulted was the commission, with the respective legal consequences, of a legal act which is known as "concession," granted by the superintendent of a refinery for the removal and sale of oil residue.

In his response, Garcia Ramirez stressed that the third paragraph of Article 27 of the Constitution "is clear and categorical," in stating that the nation's control over certain resources, "including petroleum and all solid hydrogen carbides is inalienable and imprescriptible," and that the exploitation and utilization of those resources by private individuals or companies may not take place except through concessions granted by the federal executive branch.

The attorney general adds that the same paragraph stresses, underscoring a specific hypothesis, "In the case of petroleum and liquid or gaseous solid hydrogen carbides, or radioactive ores, neither concessions nor contracts will be granted, nor will those which may have been granted at some time continue, and the nation will carry out the exploitation of those products."

In the subsequent points of his lengthy message, Garcia Ramirez examines the matter from the standpoint of the regulatory law of Article 27 of the Constitution and of Mexican Petroleum's Organic Law, which Beteta should know very well.

The attorney general was of the opinion that, from those constitutional and legal rulings, "one clearly infers the scope that the legal act for national reservation of the natural resources of concern here has, as well as the extent of activities assigned exclusively to Mexican Petroleum to ensure the proper utilization that the nation makes of those resources, through the auspices of a decentralized organ."

He then explored the possibility that the so-called "concession" might be, more precisely, a "transfer of control" or a "donation," and thought that even in that instance it would not have been granted by the officials and organs which have the legal capacity for doing so.

At the end, by way of conclusion, Garcia Ramirez cited the expression used in Article 2 of Mexican Petroleum's Organic Law, to the effect that the purpose

of this agency is "the processing, storage, transportation, distribution and first-hand sale of those products derived from petroleum that are capable of being used as basic industrial raw materials."

And the attorney general specified: "If the technical analysis, with its pertinent legal implications, makes it possible to claim that the so-called 'residue' is actually comprised of substances associated with those mentioned herein, it is obviously impossible to assign to a third party functions or activities involving them assigned exclusively to the decentralized agency, Mexican Petroleum."

Mario Ramon Beteta received these views on the very day of 12 December 1983, as shown by the stamp "received" affixed by the private secretary of PEMEX's director general.

There has been no official action taken in this regard.

And, on the other hand, there have been further public disclosures regarding the persistence of the slop oil trading. One of them was made a few weeks ago by the daily paper TRIBUNA, in Salamanca, Guanajuato, of which Ramon Lopez Diaz is editor. In the respective report, Hermilo Reyes Cobos showed up as being involved in the trade again.

The oil workers' newspaper, EL QUEMADOR, published by workers from Local 34 and edited by Anibal Cabrera Lopez, reveals (in the issue for the first 2 weeks of this September, No 99) that "trading is continuing with the slop oil." The respective article also states: "Firms using the names of others and phantom companies, backed by STPRM's contracts commission, have procured advance payments ranging from \$500,000 to as much as \$2 million (from 92 to 360 million pesos) from United States firms which want to obtain the rights to clean tanks, drains and separators."

So, the business is flourishing.

#### Reversal on Slop Oil

Mexico City PROCESO in Spanish No 413,1 Oct 84 pp 31-32

[Text] Exactly 17 months after the heads of the oil workers' union (backed by a concession from PEMEX) were selling oil slop to a United States firm, Mexican Petroleum finally gave official confirmation of the illegality of this type of transaction.

However, the parastate firm did not say that any legal action had been taken against those who had been, or are engaged in making those sales.

On 17 September of this year, PROCESO released the documents proving the sale of that slop (of a quality very similar to that of Isthmus crude), through a document signed by representatives of the oil workers' union and the Texas company BMR Enterprises, Inc, dated 24 April 1983. It also published the

opinion of the attorney general of the republic, Sergio Garcia Ramirez, to the effect that a "concession" of this kind is in violation of the constitutional rulings and Mexican Petroleum's Organic law.

On Wednesday, 26 September, in an official communique, PEMEX reported:

"Mexican Petroleum declares that it has had no knowledge of the grounds whereby contracts made by third parties with supposed purchasers of hydrocarbons (including slop) could be backed, and stresses that any transaction that has been or could have been made outside the institution's official or marketing channels would lack any legal value."

It explains (repeating the notions expressed by the attorney general) that, in accordance with the terms of Article 27 of the Constitution, hydrocarbons are the exclusive property of the nation, and consequently the oil activity and the industrial exploitation of hydrocarbons, "including even their marketing and first-hand sale," are incumbent solely on the state, through PEMEX.

The communique from the parastate company was reproduced in its entirety, with minimal changes and in a highlighted manner, in several capital newspapers (EL UNIVERSAL, EXCELSIOR, LA JORNADA AND UNOMASUNO), on Thursday, 27 September..

The company also comments: "Any concession that has been granted to third parties for the utilization of hydrocarbons in any of their forms, including slop, would be an invalid act as a matter of law, without any legal possibility of becoming validated, as has been clearly confirmed by the Office of the Attorney General of the Republic, in a consultation made on this subject."

PEMEX does not explain why what was "clearly confirmed" by the Attorney General's Office has not been made known until now, when the aforementioned consultation took place 9 months ago, in December 1983. In fact, the response from Garcia Ramirez to that query was dated 12 December (PROCESO No 411).

Nor is there any explanation of the reasons for PEMEX's delay in reporting on the matter of the slop, despite the fact that the company's director general himself, Mario Ramon Beteta, promised on 21 December 1983 that an official statement would be made regarding the topic "within 4 or 5 days."

Beteta said this during a press conference, upon being asked about the disclosures that had been made at the time regarding the trading in slop on the part of union leaders headed by Joaquin Hernandez Galicia, "La Quina," and Salvador Barragan Camacho.

At the time when he requested that the reporters be "patient for 4 or 5 days," to be informed on the matter, PEMEX's director general already had the opinion of Attorney General Gracia Ramirez in his possession.

And 9 more months elapsed.

Following the publication in PROCESO of the documentary evidence of the illegal trading in slop, the heads of the Lazaro Cardenas Petroleum Movement confirmed that those sales were continuing, and announced that their organization would submit an official charge (EL UNIVERSAL, 19 September 1984).

Six days later, on 25 September, EL UNIVERSAL virtually repeated the information published by PROCESO 8 days earlier, in an extensive front page article. That same day, the opposition parties demanded the creation of a commission that would watch over the oil resources, and called for the Comptrollership of the Federation to conduct an investigation of the illegal trading in slop.

According to the PEMEX communique, it turns out that, "The contract cited in the press reports and commentaries issued in this regard has never been operative, because all the slop has been utilized or reprocessed by PEMEX."

In this weekly publication's report (and also in the repetition made by EL UNIVERSAL), it was established that PEMEX had given tacit backing to the contract for the sale of slop, through the signing by Mr Jose Munoz de Cote in the capacity of a "witness"; an individual who, 4 days earlier, had been appointed auditor of the parastate company in its offices in Houston, Texas, a city which is precisely the headquarters of the firm BMR Enterprises, the purchaser of the slop.

In its communique, PEMEX discloses a remarkable coincidence: There are actually two Jose Munoz de Cotes.

"Mr Jose Munoz de Cote Serrano, who is claimed to have participated in the signing of the contract, has never rendered services in the institution; on the other hand, Mr Jose Munoz de Cote Ramos holds the position of auditor in the PEMEX Houston offices, and this official has not taken part in any business of that type."

The fact is that the name of Jose Munoz de Cote appears, without any other surname, in both the aforementioned contract and in the official appointment of the PEMEX auditor. It is surprising that, in a matter in which it claims to "have had no knowledge," PEMEX should explain the second alleged surname of the signer of the illegal contract.

This is unquestionably a valuable contribution to the investigation which should have already begun.

2909

CSO: 3248/84



CENTRAL BANK REPORTS 47.6-PERCENT INFLATION RATE FOR JAN-OCT

FLO82120 Mexico City NOTIMEX in Spanish 0100 GMT 8 Nov 84

[Text] Mexico City, 7 Nov (NOTIMEX)--The Central Bank of Mexico has reported that the October 1984 inflation rate was 3.5 percent greater than the September 1984 rate. The increase in the inflation rate was caused mainly by the 1.1 percent increase in the price of eggs, automobiles, vegetables oils, rice, and beans, and by the residual effect of the increase in the price of fresh milk that was authorized in September. It was also caused by the increases in the price of milk products, cold cuts, seasonings, packaged bread, chick-pease, roasted coffee, cigarettes, beer, wines and liqueurs, soaps, paper napkins, deoderants, cosmetics, clothing, footwear, medicines, and air travel.

The Central Bank reported that the inflation rate for the first 10 months of 1984 was 47.6 percent. For the same period of 1983, the inflation rate was 63.7 percent.

Of the 35 cities providing data for determining the rate of inflation, San Luis Potosi, Villahermosa, and Tamaulipas had the highest October inflation rates. The cities of Iguala, Merida, and Zamora had the lowest inflation rates.

The Central Bank of Mexico also reported that in October the national index of producer prices increased 4.1 percent compared with September. In Mexico City in October, the index of wholesale prices increased 5.1 percent.

CSO: 3248/101

MEXICO

BRIEFS

GDR AMBASSADOR UNIVERSITY STATEMENT--Guadalajara (Mexico), 6 Nov (NOTIMEX)--  
The GDR is again in danger of igniting a world war because of its location between socialist and capitalist systems, GDR Ambassador Joachim Naumann said today. He said there have been acute and dangerous situations during the government of U.S. President Ronald Reagan but there is hope that the United States will approach the negotiation table with socialist governments. Inaugurating German Cultural Week at Guadalajara University, the diplomat warned that the installation of new U.S. arms in Europe leaves open the possibility of a dangerous international confrontation with no winners or losers. He explained that it is necessary to set aside political and ideological differences in order to obtain lasting peace through cooperation and negotiations and to implement arms limitations. Naumann said the most important matter is to encourage dialogue among nations to create an atmosphere of confidence among politicians. Finally, the GDR diplomat said relations between Mexico and his country have grown stronger because they are based on cooperation principles and respect for international rights. [Text] [Mexico City NOTIMEX in Spanish 1600 GMT 6 Nov 84 FL]

CSO: 3248/101

FORMER PRIME MINISTER MARTINA DISCUSSES ISLANDS' FUTURE

Rotterdam NRC HANDELSBLAD in Dutch 8 Oct 84 p 3

[Interview with Don Martina, former prime minister and now opposition leader of the Netherlands Antilles, by editor Frans Kok; The Hague, 8 October]

[Text] A change of the guard has occurred in the Netherlands Antilles without any action on the voters' part. The Martina government lost its majority in the States through internal desertion in the MAN [New Antilles Movement] Party and was succeeded by the Liberia government, which stands a little more to the right. The man who led the country for 5 years, engineer Don Martina (48), is in the Netherlands for a few days. He gives his opinion, as opposition leader now, on the political situation in the Antilles and on the uncertain future that lies ahead of the islands.

The Hague, 8 Oct.--The handful of Dutch politicians whose business it is to deal with the Antilles are becoming increasingly concerned over what has been happening recently day by day in that part of the kingdom.

In March 1983 the stalled Aruba question was settled on paper at the round table conference in The Hague, and there even seemed to be a certain harmony emerging between the Curacao and Aruba fighting cocks. Then very quickly almost everything went wrong.

It is not only that all important sectors of the economy went downhill. The political system too began to show cracks and ruptures, the low point of which was last June's government crisis and the way the formation of a new government turned into a circus, with the shoving for ministerial portfolios apparently more important than the will to come to grips with the country's problems. Add in the upcoming departure of relatively prosperous Aruba on 1 January 1986, and the future then looks anything but rosy.

Martina: "Yes, the future does look very difficult for the Antilles. However, the Netherlands must realize that it has to give us time and room to fill in the future for ourselves. We are not grateful for the constant pressure put on us from the Netherlands. The issues are very much confused by the

impatience apparent here in the Netherlands over the speed at which we are thinking over our independence. It may be difficult for the Netherlands to understand, but we are six islands that differ greatly from one another in size, in economic possibilities, and in political aspirations and spheres of influence. The problems are further compounded moreover by Aruba's upcoming separation."

#### Efforts

[Question] "But still the Netherlands is not a complete outsider. We cannot sit idly by until it suits the Antilles to decide about their political future?"

[Answer] "The future of the Antilles is our business. Pressure or no pressure, we will decide whether things go slowly or quickly. The frequent discussions in the Second Chamber certainly do not help the process along. I have always found the Dutch efforts to be a very disturbing factor. We will certainly let the Netherlands know when and how we want our independence."

Martina too does not know exactly what is to happen with the remaining five islands after 1 January 1986, when Aruba sets off on its own. However his efforts and those of his party, MAN, are directed at keeping the five together as much as possible politically and economically. He will have nothing to do with suggestions of giving Curacao a separate status too and of putting the Leeward Islands directly under Dutch rule.

[Martina] "Practically everybody in the Antilles feels that the fates of the islands are tied up closely with one another. There are many contacts among them and much labor mobility among the population. Furthermore, there are great political and economic advantages if we five stick together. Our sphere of influence is greater then: the Leeward Islands connect us with the English-speaking Caribbean islands and Puerto Rico, while on the other hand Curacao connects Saba, St. Eustatius, and St. Maarten to the South American continent. I admit, however, that it will be difficult to discover a good structure for the five islands, but it is certainly necessary; otherwise we are threatened by total disintegration and fragmentation."

Primarily under pressure from the Netherlands, the round table conference reached a number of solemn decisions on future cooperation between Aruba and the remaining five islands. There was to be a union government and a separate union parliament and some other common bodies. Since then those plans are dead and buried again.

In a few weeks Minister De Koning goes to the Antilles to see what can still be saved, but as far as the Antilles are concerned there can only be non-binding discussion of common concerns.

Martina: "Politically and constitutionally it is now extraordinarily difficult to cooperate with Aruba. We will accept the separate status to be sure, but that is it. What we do have to make every effort to avoid is economic

disintegration. That would be fatal, you see, for Aruba as well as for the Antilles. If we start to compete with one another--as already threatens to happen with the new government's crazy proposal for Aruba, with a population of 60,000, to start its own airline--then there is a great danger that external political, economic, or military powers (and I do not exclude the Netherlands here) will play with us for their own profit. I have indications that such a divide-and-rule policy has already begun."

#### Union

[Martina] "As a small and vulnerable country we cannot permit ourselves to have two monetary systems, for instance, with a total of five monetary authorities, all with a finger in the pie on financial management and gold and foreign currency reserves. Thus there must be an economic union between the Antilles and Aruba. That had already been decided on last year, but we did not know then that things would go so badly in all essential sectors of our economy--oil, tax sector, tourism, and shipping. That is all the more reason to cooperate now than before. Let us start with an economic union; then we can always see later whether we can work with Aruba politically."

"We are all very well aware of the fact that we have to depend on one another. After all, we cannot shift Aruba over to the Frisian Islands or anything like that. If after 1 January 1986 Aruba gets a bit more feeling for the realities again and no longer looks on Curacao as a colonizer, then possibly we will be able to talk about cooperation again."

Martina speaks relatively mildly about Ms. Liberia-Peters' new cabinet. "For the time being we are giving her the benefit of the doubt, although we are very critical of the parties' accommodating position vis-a-vis Aruba. For the first time in history Aruba politicians have the majority in the Antillean cabinet."

Now Martina is first going on vacation for several weeks to West Africa, including the Ivory Coast and Cape Verde ("There are elements in the language there that are related to Papiament"), in short, back to the roots of the black population of Curacao. Then he is going to put affairs in order in his own party--which he admits is urgently needed--and naturally as opposition leader he is going to attack the government. A government, he wants to emphasize, that came into being through Minister Jan De Koning's direct efforts.

[Martina] "De Koning could tell me more; he certainly did get himself thoroughly involved in purely Antillean affairs. He simply took over half the job of forming the new government. The story that they came to The Hague just for briefings is not true. The parties could not manage it, and then he brought them together. De Koning really went too far there."

"Nothing like that would ever have happened with us," he says self-assuredly. "The Antilles form a separate country and are viewed as such in the Caribbean region too. In a number of areas we carry on a completely separate policy;



for instance, for 7 years we have been negotiating independently with the United States over a taxation treaty. It always annoys me when people compare us with Utrecht Province, for instance, because of the size of our population. People forget then that as a country we face problems that go far beyond that level."

12593

CSO: 3214/5

PLANNING MINISTER ON DIFFICULTIES OF ECONOMIC TRANSFORMATION

Managua EJ NUEVO DIARIO in Spanish 10, 11, 12, 13 Oct 84

[Interview with Planning Minister Commander Henry Ruiz by New Nicaraguan News Agency (ANN) newswoman Tere Rios; date and place not given]

[10 Oct 84 pp 1, 7, 8]

[Text] In this series of articles, Planning Minister Commander Henry Ruiz outlines the demolished economy that the revolution inherited and the gigantic efforts that are being made to transform it. Using simple, practical language, the Sandinist leader explains the production methods that Somozism installed in Nicaragua and how we are still suffering from their effects. The interview was conducted by newswoman Tere Rios from the ANN exclusively for EL NUEVO DIARIO.

ANN: There has been a great deal of talk about the kind of economy that the revolution inherited, but perhaps people are not really clear on this problem. Could you give us some facts and figures to explain a bit what sort of economic structure the FSLN [Sandinist National Liberation Front] inherited in 1979?

Ruiz: We are not concerned as much about the statistics as about the status of the structures that we found.

We have stated and we can prove that the Nicaraguan economy we inherited from Somoza suffered not only from a battered balance of payments and foreign exchange shortages but also from structural defects in the development model. For example, we found that the economy was rather closed to overseas markets. We were, in fact, captive in certain markets, which prevented us from taking advantage of the full breadth of the world market. This helped to depress the world prices of our goods. I will cite this example. If we had coffee surpluses, we could not sell them on the London market at world prices; we had to sell to the so-called "coffee stock," where prices are so low that they do not even cover production costs.

Now that the Sandinist People's Revolution has opened our economic door wider, we can place those same surpluses on Arab markets, on socialist markets or on new markets; this is advantageous for Nicaragua because these markets are broader than the commodities exchanges.

To cite figures, between 1970 and 1978 Nicaragua's worsening terms of trade meant a loss of about \$376 million because of how the country marketed its products.

#### They Sold Us Our Own Raw Materials

Another structural defect was the exploitation of the nation's labor force. We had "inbond" companies here, operating with obsolete machinery. This backward industry put out an uncompetitive product that was still profitable because of how the labor force was exploited. This is a structural model that the revolution is also trying to transform.

There are other factors too, such as the exploitation of natural resources: mining, forestry, etc. I will cite a well-known case. The contracts for the electric power facilities that were installed under the dictatorship stipulated that cables, stations and poles would be supplied. The poles, however, were pine trees cut down, rounded off and cured in Nicaragua, and the company then presented them as part of what it was supplying. In other words, they were selling us our own raw material. This is another facet of the economic model that they left us and that the revolution has now transformed by nationalizing natural resources and protecting the labor force.

Foreign borrowing, providing capital and financing facilities without recouping them was another element of the policy under that model. This element helped to preserve the model and gradually became a structural defect.

As we know, Nicaragua inherited a debt of \$1.65 billion. Looking into what that \$1.65 billion was used for, we found that the country's production structure was unaffected by the borrowing. The loans were used simply to buy inputs, occasionally, for farming. Our farm production was exported, and the proceeds from it were not turned into capital investment.

#### Technological Dependency

Another facet of the model that we inherited is heavy technological dependency. In what way? In that the machinery they sold us had an exclusive market. We were almost being sold turnkey plants. I can give you this example. The plant that was built in Puerto Sandino to produce fishmeal was bought from Peru. Its machinery is completely obsolete and useless and never produced fishmeal. The cost to the nation was high, and people like Luis Pallais Debayle got rich off such deals. This is the kind of business that Somoziism engaged in.

If in assessing these 5 years we did not take into account all these considerations, we would not understand the qualitative difference, the new side of Nicaragua's economy today. In relation to technological dependency, for example, the revolution has tried to diversify by bringing in new technology and training personnel to master these new technologies.

#### Production

This is the other major aspect of the problem. The country's production is characterized by distortion, dependency and lack of coordination, which leads to a structure that is incapable of meeting the people's basic needs and assuring comprehensive, self-sustaining development.

Little by little, as the Nicaraguan economic model that we have been talking about became established, the government became concerned only about cotton, coffee and, to an extent, sugar. Other items, such as basic grains, were ignored. The crop areas for these items declined, while concurrently the population increased, until we became net importers of basic grains. This is what the revolution encountered.

Furthermore, in agroindustry, because of the model that the capitalist U.S. market had developed for us, we had cases such as cotton yarn. We produced cotton but we processed only eight percent of it. Under the common market model, the industries are in El Salvador and Guatemala. This structural distortion is a tangible factor in the crisis of the Central American Common Market itself.

#### Induced Investment: the Tipitapa-Malacatoya Project

Without offsetting the advantages of an integrated market, we can produce cotton and develop textiles. This is what the revolution has begun to do.

We have only a small instant coffee plant. We do not have a freeze-dried coffee industry, with which we could seize other opportunities offered by the world market and improve our terms of trade.

In summary, all of this is because we were practically an enclave economy in which our natural resources were exploited, our raw materials were taken away and, in exchange, we were not left with any productive investment, no so-called "induced investments." There was only misery and poverty for our people.

Now, however, we are making some induced investments. The Tipitapa-Malacatoya Project involves a chain of investments. We process the cane into sugar but we also intend to generate energy and by dehydrating the alcohol further we could obtain the base of a raw material.

The philosophy of exploitation without investment that existed under Somoza is a structural burden that we inherited and that is hard to rid ourselves of.

#### Means of Production

We inherited highly concentrated means of production. In the case of land, about 3,000 people controlled 48.7 percent of the land (4.239 million manzanas [1 manzana=1.75 acres]), while 194,000 peasant farmers owned no land at all. In other words, the land was in the hands of a small group of large-estate owners.

There was also a high concentration of ownership in the manufacturing industry; 140 businesses accounting for just 20.1 percent of industry as a whole controlled 88 percent of gross production value.

Finances were concentrated in BANIC [Nicaraguan Bank], BANCOMER [Bank of Commerce], Somoza's Central American Bank and the government, which had marginal involvement in finances and production.

As far as the distribution of income was concerned, we find that in 1977, the wealthiest 5 percent of the population accounted for 28 percent of national income, while the poorest half earned just 15 percent of it. In 1977 we had one of the highest infant mortality rates in the world.

According to Planning Ministry estimates, when the revolution was victorious, 40.5 percent of the country's urban families were not meeting their basic needs and 20.1 percent could not even meet their food needs.

Illiteracy stood at 50.3 percent in 1978, which means that 1,212,000 Nicaraguans could not read and write. In 1977, just 364,000 people, 15 percent of our population had drinking water. That year we had one of the highest infant mortality rates in Latin America and the world.

We should also mention regional inequalities. The country's population was estimated at 2.5 million in 1978, 62 percent along the Pacific, 29 percent in the central region and 8.2 percent along the Atlantic. Looking at output that year, we were alarmed to see that 99.3 percent of the 2,600 quintals of cotton grown that year came from the west.

#### Nothing for the Atlantic Coast

It was towards these areas that the Somozist development model pushed the population. Nothing was done along the Atlantic, however, and this was reflected in people's income and in the government's policies of neglect.



I am emphasizing these facts so that everyone understands the revolution's determination to gradually change this state of affairs. People sometimes do not understand and think that we are making blunders, that we are pursuing too many programs and that we are moving too fast towards modernization. They fail to realize that the country was in its death throes and that with the participation of the people, with the resources we have available, we are seeking to change this situation gradually.

This is not something that can be done overnight, nor is it even a matter for a 5-year plan. Conscientious efforts must be put forth to bring about these transformations. The people must be actively involved in these efforts.

For example, without the involvement of the people certain policies cannot be altered. This is the case with migration into Managua. Managua already has a severely limited capacity to take in more people. Nevertheless, the areas that are losing population to the capital do not have the kind of attractive policies that will keep people there and improve regional distribution.

#### Textile Project in Esteli

We bear this in mind when we decide on the location of development projects. We are going to undertake a textile project. We could put it in Chinandega because it would be close to the cotton, to the port. But that would be forgetting that production also means meeting the people's needs, that investments must be made where the people and the country as a whole will benefit. So after a closer look at the alternatives, we found that the project ought to be in Esteli, because it will help us to attack unemployment. We are going to provide permanent jobs, and the exportable surpluses will enable us to cover the cost of our investment. The revolution's criterion was not the lowest cost, however; it was to foster the harmonious development of the model that we are building by coordinating political, economic and social considerations.

[11 Oct 84 pp 1, 5]

#### [Text] How Things Stood at the Moment of Victory

Although we usually talk about the political situation amid which the revolution was victorious, we also have to look at the economic situation at the moment of victory. One of the elements in this picture is the losses resulting from the war in terms of operating capacity, human resources and losses of potential earnings. These losses totaled more than \$4.2 billion.

But when we talk about the revolution's 50,000 martyrs, we also have to talk about the manpower that was lost. These people were more than just heroes. The country lost human resources when its cadres,

its workers, its young people died. A triumph is both painful and valuable for a people when it admits that it made an investment and posted losses. This is the reason for the saying that a revolution is one of the watersheds that cut across a nation's history, inasmuch as it cuts across all of the society's activities: economic, political, social.

I think that 5 years later it is important to assess what we were looking at when we began the reconstruction so that the people realize what they have now and what they have accomplished.

During the war, production fell, as we know. The gross domestic product (GDP) dropped by 36.6 percent. The economy was practically at a standstill. Unemployment rose 33 percent. Already limited inventories of rice, beans and corn shrunk by 15.3 percent. Moreover, we found just \$3.5 million, the famous check we intercepted, in gross domestic reserves

What has the revolution done in these 5 years? It has made efforts to mend our structural defects and distribution problems and to put the country back on world markets. But has it alleviated or worsened social problems? Has the revolution done anything else besides lifting the country out of its economic depression, which was reflected in the rate of investment? This is the facet that I think we have to look at.

#### The Revolution's Accomplishments

I am once again going to cite statistics so that we can see whether the revolution has done enough about these problems to say with assurance that the people are behind it, that the rallying cry of "the people have already made their choice" is true, because many were surprised at how heavily the people registered...in any case.

#### Production of Basic Grains Neglected Under Somoza

Aside from our achievements in organization, the statistics for which are well known, I think it is important to discuss living standards because the talk is usually about shortages. We said that the Somozist development model ignored the production of basic grains while the population kept on increasing. And I am certain that not much of an effort would have been made to feed our people, because international credit was tight, on the one hand, and on the other Somoza would not have been able to undertake that kind of reform in land-use patterns, and the large landowners would not have done it either because basic grains are not profitable; it is more profitable to grow cotton, which is what they would have kept on doing.

According to the per capita consumption statistics we have, the per capita consumption of corn was 121 pounds a year in 1977 and 87 pounds

in 1979. In 1983 it was back up to 154 pounds, and remember that the population has grown.

To cite another example, the per capita consumption of beans was 26 pounds in 1977, 16 in 1979 and 38 in 1983. I could mention other farm produce as well.

How is it that the revolution has managed to increase these per capita consumption levels without achieving a striking rise in overall consumption? Simply because the revolution is concerned about the masses, the people, not just economic cost. It is also interested in the social cost. The decision was made to import, and imports have continued.

#### Subsidies to Make Prices Affordable

In 1983 alone we imported \$135.9 million in nondurable consumer goods, basic consumer items. A large part was basic grains.

Subsidies are another element in our policy, because if we passed our net import costs on to consumers, prices would skyrocket. If we had not introduced subsidies, profiteers would have had even more opportunities than they have now to speculate. We undertook a policy of subsidies to make prices affordable to the people.

If the government is getting involved in business, it is not because it is a good businessman. We could even say that the Domestic Trade Ministry is a poor businessman. The point is that we are interested in getting goods to the people, not in profits. Our policy is different.

The Revolutionary State allocated 2.116 billion cordobas for food subsidies between 1980 and 1983. In doing so, it was merely keeping its pledge to change the economic and social model that we inherited by making it more humane, more just, more in keeping with the potential of our country, a poor, impoverished, dependent country that was politically and economically exploited.

#### Visits to Physicians Totaled 6.1 Million in 1983

We have to consider all of these measures as part of the revolution's historic program, taking into account what it inherited.

Health care is another interesting indicator in this regard. In 1977, a total of 1.4 million visits to physicians were recorded. The number rose to 6.1 million in 1983. In 1977, there was one medical consultation per year per inhabitant; in 1983, there were 2.1. There were just 932,000 vaccinations in 1977; today, 3.2 million shots are administered. There used to be no monitoring of growth and development, and now there is. There used to be no prenatal care, and in 1983 350,000 mothers were looked after. The revolution is concerned about doing this.

## The Revolution Has Built 29,800 Homes for 178,600 People

There were 85,000 secondary school students in 1977; there are 129,000 now. There were 18,000 in technical schools; there are now 27,000. There were 1,600 students in teachers colleges; there are now 6,700. There were 24,300 university students; there are now 35,800. Total school enrollment was 508,000; it now stands at 820,000 in 1984. We are, of course, all familiar with the accomplishments of the National Literacy Crusade.

The revolution has constructed some 29,800 housing units for 178,600 people.

I am only indicating what the revolution has done in the so-called social sector to correct its structural distortions.

## No Total Recovery Yet in Livestock, Forestry, Construction or Mining

We will continue to gauge ourselves by the GDP, which is the sum total of goods and services produced in 1 year. We measure the quality of the economy on the basis of primary and secondary production, what is called the material base of society, because the rest is distribution.

If we take 1977 as year 1 and represent it by 100 percent, then in 1979 the GDP had fallen to 68.45 percent. In 1983 it stood at 78.11; in other words, we have not yet finished reactivating the economy.

We have achieved a recovery in agriculture; that is to say, we are back to 1977 levels. But we have not recovered in livestock or forestry. As far as secondary activities are concerned, manufacturing is not yet back where it was; it stands at 90 percent. Construction and mining have not recovered completely either.

We have a 71 percent recovery in secondary activities, construction at 33 percent and mining at 13 percent. In primary activities we have agriculture at 100 percent, livestock at 78 percent, forestry at 41 percent and fishing at 43 percent.

[12 Oct 84 pp 1, 9]

[Text] We mentioned that we are not self-sufficient in basic grains, yet we talk of a complete recovery. This is because we are using 1977 as a comparison, and we must remember that the population continues to grow at a rate of 3.5.

In other words, we are back to where we were in gross output, but it is not enough. Although we have recovered, the increase has not kept pace with population growth.

We are channeling our efforts in this direction, but problems remain. We are just about self-sufficient in rice but not in other items, among which the most important are corn and beans.

An odd thing is happening with corn growing. Although growers are better off producing corn at current prices, they prefer to grow sorghum. It seems that even when prices are high and they can theoretically make more by growing corn, they are not interested. I'm not sure of the reasons. It apparently has to do with the fact that farm families consume some of the corn and when the growers begin harvesting, it looks like they have less than they planted. This is not the case with sorghum. It is not harvested until it ripens, and at the end of the season growers can calculate their profits exactly.

There are several reasons. I don't think it's just that. The fact is that there are incentives, advantageous terms for fertilizers and machinery for corn growing. Corn is half as expensive to grow as sorghum. Yet sorghum production is on the rise and corn is not. The growers say that people steal the corn and they can't do anything about it. I think that we have to look into this problem and see what it is about. Perhaps we could set up a movement among growers, including small growers and peasant farmers, to look into the corn problem. Corn is an economic, social and political necessity.

#### Nicaragua Must Become Self-Sufficient in Food Promptly

Nicaragua must become self-sufficient in basic grains. A worldwide food shortage is drawing dramatically near. The United Nations has already declared an emergency in Africa, where the situation is tragic, and food producers are going to take advantage of this and boost prices. If Nicaragua does not achieve self-sufficiency in food production in the near term, in 4, 5 or 6 years, then we are not approaching the problem properly. Growers must be conscientious and take a patriotic approach, because our financing policies are advantageous, beneficial.

With this need in mind, our policy is to transfer basic grains to the Pacific basin to take advantage of the infrastructure (transportation, irrigation, etc) and fertile soil there. I would like to emphasize, however, that growers must be more patriotic. We have low productivity in general, not just among small, marginal growers. No genetic research on corn has been conducted here. To continue and to improve the standby plan and the national food plan, Nicaragua has to import even basic grain technology. It has to import seeds.

We do have the genetic research in cotton, because it was profitable. The initial investments were made, and the revolution built on this, organized it and has it available. But no modern technology was introduced for growing basic grains.



## We Even Have to Import Corn Seed

Neither Somoza nor the growers paid any attention to this situation. So we even have to import the seeds to grow corn. This is why the revolution has been unable to solve this problem, even though it has provided the land and the mechanized equipment. We still have to import the seeds.

This is the result of the failure to develop a science of growing basic grains. They left the peasant farmers, the small growers high and dry, they neglected them, and now all they want to talk about is pricing policy.

It would be a good idea for the growers to reflect patriotically on what it would mean to keep this a backward crop. I repeat, we have to import the seeds and select the finest varieties so that we soon reach the production level we want in the western part of the country. We are getting our best yields ever. We are getting 73 quintals a manzana. The east is producing 50 quintals a manzana, when the rule has been 14 or 15.

We need to do more than improve prices; we need to develop an entire philosophy for tackling the country's food problem, which is a nationwide problem. Along these lines, the government is making a praiseworthy, significant effort to introduce contingency programs, which are just part, however, of our search for a vigorous basic grains policy.

Our contingency plan represents an attack on the short-term problem but it must not mean abandoning our production policies. Even if we assume that we produce enough corn, rice, sorghum and beans in 1985, this does not mean that we have solved the problem for good. The population is still growing. We have to keep production on the rise. In other words, we have to incorporate developing areas, lands that were not used for crop-raising but that are profitable both economically and socially.

[13 Oct 84 pp 1, 9]

[Text] Mining and Fishing

Although mining and fishing have great potential, they have been adversely affected by the war.

For example, the war is preventing the lobster catch along the Miskito keys. Furthermore, fishermen have been unable to replace their fleet, and the boats we have have not been able to fish because they have been needed for defense purposes and, moreover, have been hijacked and stolen. In other words, we have three problems: the fleet has not been replaced; the war is preventing us from fishing our waters, and the existing fleet is used to keep an eye on the counterrevolutionaries.

Yet in spite of everything, fishing has recovered 43 percent. The sector is investment and will provide jobs to some 700 workers. We are also expecting 20 fishing boats from Peru as part of a credit line, but because of the economic situation that Peru is in, they have not arrived. These vessels are going to give fishing a big boost, though we still have to talk about this as a possibility.

We have resources in our waters, but we need fishing vessels, all of which are imported.

Our main mining activity is in Siuna, Rosita and Bonanza, and it has been hurt by the outside aggression.

The same goes for lumber. At present, there is no cutting going on; activity is way down from 1982 because of the activities of the counter-revolutionary gangs.

#### Infrastructure Investments Aimed at Commodities Production

The ratio of investment to the GDP reached 20.4 percent between 1980 and 1983. Investments hit 4.545 billion cordobas, 34.7 percent in economic infrastructure, 37 percent in production sectors and 28.2 percent in social infrastructure.

I should mention that this is one of the highest investment rates in Latin America. Under Somoza, from 1974 to 1978, the rate was declining. In contrast, following the political guideline of insuring supplies of commodities for our people, we have invested to boost the output that is processed into end products for the people's consumption.

The Sebaco valley project is an example of how we are following these guidelines. We are trying to use the land intensively by linking up irrigation equipment. This is a comprehensive development project and, therefore, must consider investments that further development. At present we are not considering a plant or a dam in the Sebaco Valley, but later on it would not be at all strange if this were proposed, because the idea is to use water and energy for basic food production. This would not be at odds with the other projects that are already part of the comprehensive development plan.

We also have a horticulture industrialization project, designed by the Bulgarian Government, on the drawing board. We already have the exact figures on the output of fruits, vegetables and legumes and we also how much we have to grow for the processing plant. This is just the first stage, however. We need just 1,600 manzanas of land to grow the raw material for the plant, and we have 23,000 manzanas; so we can raise other crops, such as rice, corn, etc, but we have to provide more water and power, the infrastructure. We are thus seeing to it that our infrastructure investments are channeled into the production of commodities.

## Project Linkage

Straightening out our investment portfolio does not mean cutting it back, as is often argued. It means making projects efficient so that they link up, so that one project supports another and so that the induced investment can be programmed and carried out. For example, if the plant in the project that I mentioned, the Bulgarian project, can find a market for processed corn, then we have to expand the area, take the new product line into account, grow the corn and then can and export it.

We are already taking these things into account in the so-called investment process. The revolution realizes the advantages of a high rate of investment, but it also realizes that investment can further the development of a harmonious economic and social model. What this basically means is proportionality. In other words, using the manpower and money we have available, we aim for development but not in big leaps. Also, the development must be harmonious in the sense that it should be socially beneficial. In other words, one branch should link up with another without causing major bottlenecks.

The production of basic grains, for example, requires power in addition to water; it requires the development of another branch, construction. If there is no cement, we cannot build large or medium-sized projects. This also has to do with utilizing the country's energy-generating capacity. The Momotombo Project is part of this effort to develop, in the near term, a strategy for utilizing our capacity to generate less expensive energy.

Streamlining the investment process means coordinating all of these factors.

The current policy is not to invest in new projects; it is to build those projects that have an immediate economic impact. We are going to finish all of the projects with a quick rate of return, but we are not going to place heavier demands on our construction capacity; we are going to use that capacity as best we can while the construction sector gradually boosts its investments.

We have to remember that no investments have been made in the construction sector. For example, the cement plant we have now has a capacity of 300,000 tons a year and it's at its limit. We have to find a way to expand the plant. This means investment, because as long as there is not enough cement, we cannot undertake other activities. This is why the investment rate has shot up. That's fine, but now we have to make it orderly, with an eye towards proportion and the revolution's social and political needs.

## Meeting Our Needs But Also Producing Competitively

Streamlining the investment process means an economic study of advantages and disadvantages. Streamlining does not mean applying the brakes; it means making things more orderly. Certain projects are being cut not only because of the money crunch in our economy but also because we have to produce more rationally, more competitively. We are trying to meet our needs but we are also trying to produce competitive goods.

For example, the textile industry that we are going to set up in Esteli must be competitive and not just put out emery cloth that we won't be able to sell. The point is to enter the international market with competitive advantages, and if we produce a fabric that is unacceptable, we are simply going to have to consume it domestically or maintain the plant but not produce anything, which would be unprofitable. We have now secured the funding to set up the plant. We have gotten it from three countries: Czechoslovakia, the German Democratic Republic and the USSR. We might assemble it in sections; so we will be able to offer our people good fabrics, but we will also be able to offer ready-made garments and sell some end products on foreign markets. We are going to invest \$50 million all told in the Esteli textile project.

## Parties Not Offering Proposals to Improve the Revolution

ANN: There are several parties that are questioning the revolution's economic policies...

Ruiz: There is no way that we are going to undo everything that we have done so far. The problem with the parties is that, as far as I know, they have not offered any proposals for enhancing the revolution, which is transforming the country's structures.

For example, they are frightened about our relations with the socialist countries. These relations are really advantageous to Nicaragua, as are the comparative advantages of the international market, securing new loans, new tractors, training personnel.

So far we have heard them only criticize these relations. They speak of nonalignment, but they call on the United States. They are saddened, disgusted by these new ties, which by definition are new because they did not exist before. They say that we are aligning ourselves, when what they are actually proposing is a return to the guardianship of the United States.

What are the platforms of these other parties? A platform is not just saying that you're going to do everything different. Talk is cheap, especially for those who are not familiar with the problems of development and what a country's financial status means. Talk

is cheap. Let's take Costa Rica, which has not had a war, which has advanced services and which has a literacy rate and health indices comparable to the developed countries' and yet it has a high unemployment rate and is in the midst of a serious economic, political and social crisis.

These gentlemen think that we can secure more funding by selling out. They are really not after capital formation; they want the revolution to sell out. Where are the multilateral agencies that are going to give them money? Are they denying the international financial crisis? Are they denying what Central American is going through? Where is the answer, where are the funds for El Salvador, Guatemala, Costa Rica and Honduras, which are sinking deeper and deeper into crisis?

Sandinist leaders have given this revolution diversified sources of capital, without fear, straightforwardly. It is political and economic cooperation that gives this people an advantage, this people whose assets are great bravery and great social and political intelligence.

Capital was supposedly going to come in without strings attached after the war. Some funds have come in without strings attached, as we have pursued an honorable policy of pluralism and a mixed economy, an economic policy that has dealt with every sector, including the private sector.

The producers that say that they are losing money are not telling the truth. I have to point out that the workers have had to foot the bill even for inflation, although the rights and the political clout that they have gained over these 5 years are unprecedented. So, don't let anyone tell you that private business is losing money, especially the people who have served in government and are familiar with problems, because even some political leaders of the reactionary forces have served in the government, Mr Cruz himself, for example...and that claim is not honest.

What we are doing can be criticized properly and fairly, bureaucratic red tape for example. This should be criticized. But we cannot be accused of being dishonest; our policy of nonalignment cannot be called one of alignment, because if it's alignment we're talking about, they are the ones who are seeking alignment with the United States, without any comparative advantages, neither political, nor financial, nor social, nor ideological. We, our people, are securing comparative advantages from our own liberation struggle and our historic convictions.

Let them speak up, but let them speak objectively.



JULIA ON PRC VISIT, DEFENSE, HUMAN RIGHTS, SENDERO LUMINOSO

Lima CARETAS in Spanish 22 Oct 84 pp 22-24, 26

[Interview with Gen Julian Julia]

[Excerpts] [Question] In becoming minister of war, you also, for the first time in your career, took on a political although institutional responsibility. How do you view it?

[Answer] Well, first of all, I would like to recall, rather than explain, that the Ministry of War is a sector that includes the ministerial office and the Army High Command. There is a very close interrelationship between them. The commander-in-chief of the army is responsible for the training and discipline of the army as an operational force; and the minister is the spokesman for the requirements of that service in dealing with the government. So, there is total interdependence. On the other hand, I represent the service to the government and I am the spokesman for its needs. But I am not the spokesman of partisan interests of the party in power or other parties that may be included in this administration, within the service. I want to make that perfectly clear.

[Question] But somehow the job is political. Not partisan, but certainly political. How do you approach it?

[Answer] In my message--upon taking leave and welcoming the new commander-in-chief--I clearly stated that, first of all, as a soldier, you do your duty and you carry out the decisions required by the circumstances. This has been a decision that was in keeping with the particular situation of the moment. It gives me an opportunity to continue to serve my service beyond my retirement--approximately for another 6 months--and at the same time above all I can serve my fatherland; by serving the army, I believe, I am serving my fatherland.

[Question] So, you are taking over the Ministry of War on the eve of the general elections and the subsequent transfer of power. In this country, the transfer of power from one elected administration to another likewise elected administration has not been exactly frequent. This is why your position as minister of war now puts you in a certain place where you can support and at the same time guarantee the democratic process, during the elections and after that, during the transfer. How do you view this situation?

[Answer] Earlier, when I was army commander-in-chief I stated--and I repeat this now--that this pendular movement, that passing from one system to another, has stopped. Without wanting to be mysterious, I can tell you that it has already come to a halt. There is already a very well-defined position in the army and in the armed forces. We have great respect for the constitution that is now in force. I am sure that the army will respect and even safeguard the result of this election process which is drawing near. Regardless of the result.

[Question] Regardless of the result?

[Answer] I repeat that we have very great respect for the constitution and we are now moving toward an election process in which the armed forces also have a responsibility in terms of giving guarantees so that this process will take place in an entirely normal fashion. And you can rest assured that this is how it is going to be done. This process will culminate in a result. Regardless of the candidate whom the people elect, we will abide by the will of the people.

[Question] You were in the PRC recently, shortly before an unusual display of military power during the parade early in October. What impression do you have of the Chinese army in terms of organization, training, and professional effectiveness?

[Answer] Look here, first of all, I would like to say that this trip was made in my capacity as army commander-in-chief--a position I no longer hold--in other words, it was confined to the military area. I accepted an invitation in response to the kindness of the defense minister of the PRC; it was held precisely several days before the commemoration of their national anniversary, in October, so that my presence there would not have been justified at that moment.

During my stay in China--for 7 working days--I had an opportunity to visit various installations, factories, to witness demonstrations by armored and infantry units; throughout all of this, I was able to see for myself that the defense forces, and especially the Chinese army, have a high training level, a high sense of responsibility, and much patriotism. They get continuous training, not only for the regular personnel but also for the reserve forces.

Moving along a street in Beijing, we saw civilian boys with army personnel who were giving them instruction, just as the reservists were getting instruction there in the old days. I am sure that the Chinese army has a good level of training.

[Question] Nevertheless, a few years ago, the Chinese suffered serious reverses in border clashes with Vietnam. Then they launched a general military modernization effort. Did you see any results or did you feel that they were still working on that?

[Answer] It is very difficult to figure that out in so little time and above all in the face of the insurmountable barrier represented by a language you do not know. But they do admit that they have suffered setbacks which they have overcome because they have a very high nationalist spirit; that is what helps them in giving cohesion to such a large population.

[Question] As you know, the Chinese army was formed under very special circumstances: the revolution against the Kuomintang system, resistance to Japanese invasion; and it changed from an irregular force into a regular force, from a guerrilla force into a real army. Did you note that this origin is somehow reflected in the organization and military doctrine of its armed forces?

[Answer] It is difficult to come up with a specific reply to that question. Right now they have an organization that is in keeping with the requirements of conventional war and even nuclear war and, in the photos I saw here, they demonstrated that in the October parade. The change must have come about by starting in effect from an irregular army. But that seems to be a thing of the past now.

[Question] At the time, the Chinese army was formed under the leadership and according to the military thinking of Mao Tse-tung. The same doctrine which--in a particularly dogmatic and bloody version--Sendero Luminoso now intends to apply here in Peru. Did you get any comments from the Chinese leaders on that score?

[Answer] Absolutely not. There was no comment made on that, nor was the point raised. But I can tell you that, many days before my departure, the official in charge of the Chinese embassy in Peru made some very specific statements to the effect that there was no relationship between that subversive movement, called Sendero Luminoso, and the doctrine of Mao Tse-tung.

Now, if you want my personal opinion, I can tell you that this subversive movement has arbitrarily drawn from different ideologies and philosophies and tries to get something done in accordance with its interests and goals. It is easy to say that this is a doctrine that is sustained by certain principles of Mao Tse-tung, of Mariategui, going back even to Lenin; but this is in keeping with the goals pursued by Sendero Luminoso; there is no relationship whatsoever.

[Question] But an undetermined number of current Sendero leaders did live in China and got political training--and perhaps even military training--during the years of the Cultural Revolution. Of course, that was years before the current Chinese leadership team took power. Even so, the cooperation of the Chinese authorities with the Peruvian authorities in terms of information, to be able adequately to be able to illustrate that period of time, is important. Did you get that kind of cooperation and did you talk about that?

[Answer] No. In no way whatsoever. It is possible that they might not have broached the subject perhaps even for ethical reasons. No. Negative.

[Question] Going on to another topic: How do you view the current security situation in Peru? Are there some specific points on the external front which you consider potentially worrisome? Or do you see the situation as being normal and secure?

[Answer] The situation keeps changing permanently both on the domestic and the foreign front. There is nothing stationary and everything is developing. We can see that on the domestic front. As for the foreign front, there has been a closer approach in recent years to various countries on the sub-continent. There were various contacts on the level of presidents of the republic. I believe that we are going through a stage of greater tranquility and maturity. However, from the viewpoint of the national defense system, of which I am a part, it is an obligation to keep up with the latest developments. The historical responsibility of the armed forces is not the same as that of other institutions in the country; it is a permanent responsibility and any neglect that might take place would be an insult since it would be a part of the service that is responsible for the country's stability.

[Question] Do you consider the current levels of equipment and investment in professional training in the army to be satisfactory, in relation to potential or real threats to national security? In any case, what do you believe would be the alternatives for the defense equipment of a country whose economy is in a crisis?

[Answer] All the various commands, the different ministers, who came before me, have always been concerned to make sure that the army--like all of the other services--will have the means absolutely required for accomplishing their mission--avoiding the other extreme, that is, the arms race. Unfortunately, other countries do not see things this way, so that is when the race starts. Right now, the armed forces have the means absolutely necessary for maintaining their deterrent power. Our ultimate purpose is not aggressive but reaction against any aggression--which we hope will not come. And with what we have right now, we can do that. However, you will understand that all of this equipment is not stored in dumps and kept in Kosmolene. It has to be operated and maintained by the men who need that equipment for training purposes; now, this material gets worn out, it is exposed to routine accidents when exercises are staged. On the other hand, everything is developing all the time. Technology keeps advancing and we are not a country that can supply itself; we must always look outside and we have to prepare a good plan in order, when we can, to procure that which will last longest in terms of time and which will enable us to maintain this self-defense capability.

[Question] Looking at the domestic situation, do you agree with the way in which the counterinsurgency struggle has been carried out so far?

[Answer] Well, I would have to answer that in a very vague form because this is exclusively within the competence of the Joint High Command and I am no longer a part of that. The broad outlines of the struggle that is being carried out were drafted by the National Defense Council. This was done last

year and we are now perfecting the tactical elements through the regions and units of the Joint Command and the armed forces in general. What I could tell you is that we are trying to reconcile two difficult things here : one of them has to do with the destruction of the entire subversive apparatus ; the other one is to pacify the stricken areas, to give the people confidence, and to contribute to the development of that area which is certainly the least favored. This reconciliation is represented by the effort we are making practically on all levels now.

[Question] There were many problems in planning the counterinsurgency struggle, first of all, on the police level and, then, when the Joint Command was gradually assuming its responsibility. Perhaps one of the most serious and dramatic problems encountered here has to do with human rights, the possible excesses in repressive action. Do you believe that a democracy can defend itself effectively against terrorist or guerrilla aggression without renouncing the basic rights and legal guarantees provided for in the constitution?

[Answer] Our constitution precisely states with much vision that the normal state of law is not permanent. It can undergo changes throughout history. This is precisely what is contemplated in the two states that are called state of emergency and state of siege. These states presuppose temporary changes. The temporary change may last a month or many years. Right now, we are living through one of those states of change in the normal order of things. In this sense, the armed forces are also moving ahead within the canons of the law. And, up to a certain point, we must naturally agree that, in a war, in a counterinsurgency struggle such as this one, there must necessarily be innocent victims. This happens in conventional war and it has happened throughout history. The conventional struggle between two, three, or four countries is no longer confined specifically to the area of the armed forces where in the old days one knight would fight against another knight. But this is no longer true. Today, everybody suffers from the scourge of war. So there are innocent victims. The situation is very different--and I am making a comparison here to the case of World War II--where Germany in a premeditated manner adopted a policy of massive extermination of the Jewish race. This is what was punished during the Nuernberg trials. But our case is very different and there is no intention to harm human rights because there may be some innocent victims as a result of that struggle.

[Question] Nevertheless, there are different methodological approaches, different doctrines dealing with counterinsurgency. Democratic methods and other more cruel methods, such as those being applied in some rather close-by countries. Do you believe that, under the conditions prevailing in Peru, the armed forces are able to fight a war that is more political than military without systematically harming essential human rights?

[Answer] Well, you could not say that there is a violation of the standards and precepts of human rights in a premeditated and systematic fashion. As I just have said again, if in the army we detect a sign to the effect that there is any intent or any intention of changing those human rights in a preconceived fashion, rest assured that those who do this will be severely



punished and turned over to justice. Those cases have not yet come up. There has not been a single case of this kind ever since the armed forces took charge of this fight. Other events which are presumed to constitute a violation of human rights are also in the hands of our system of justice and are being taken care of. I want to emphasize: there is no violation of human rights in a preconceived fashion.

[Question] What do you think of the effectiveness of the judicial branch when it comes to trying presumed terrorists in court?

[Answer] I am not best qualified to answer the question as to the results achieved by the judicial branch. There may be duress and there can be inhibitions. That is not for me to say.

[Question] What is your estimate of the insurgent threat? Do you believe that it is still on a level that can be controlled in short-range terms or that the government should come to grips with it and that ultimately wiping it out will require a tremendous effort and great sacrifices?

[Answer] First of all I believe that the heart of that entire movement is in a mountain area, in Ayacucho, and in the provinces that are shaken in other departments (Apurimac, Huancavelica, and others). There are ramifications that have materialized in other areas, such as in the zone of Huallaga. We are advancing with rather positive results in both places. As for Huallaga, although we cannot as yet say that we have wiped terrorism out completely, we are already in control of places where it was impossible to enter before. We continue to advance in the Ayacucho area, parallel to a very great and determined pacification effort. We already have the active collaboration of the population, an active demonstration of confidence, where they are returning to their places of work in many isolated villages that they had abandoned earlier. I had an opportunity to go to these places during the first half of this year. The only thing I can say is that this is a long process but you have to have faith. If you do not have faith, if you do not have confidence in the armed forces, which is the only establishment that can restore order under current circumstances, then we will undoubtedly face the danger of a worsening situation.

[Question] Regarding the zone of Upper Huallaga, the terrorist problem is found here in one and the same geographic area along with the drug trafficking problem on a massive scale. It is my understanding that, as of now, the instructions given to the political-military command restrict the latter exclusively to the counterinsurgency struggle. Is anybody looking into the possibility of getting the armed forces involved in the fight against drug trafficking?

[Answer] I cannot give you an answer for obvious reasons of strategy. Even if I knew, I could not tell you, because this is not in my bailiwick; it is up to the Joint Command.

[Question] If you think that adjustments should possibly be made in the counterinsurgency operations, what would they be?

[Answer] For the moment, I believe that you could not spell out any such adjustments. Adjustments are made in the course of operations, in command and leadership, on the lower echelons, that is to say, in the course of operations that are carried out to detect, encircle, and locate certain nuclei. But on a larger scale, on the higher echelons, that is to say, in the National Defense Council, there is no major change.

[Question] Do you believe that there are foreign links with Sendero and, if yes, what are they?

[Answer] There is no doubt that there is a link with the outside world. A link on both sides, involving Peruvians and foreigners. Much information is being spread around abroad, as I was able to see for myself, about this Sendero Luminoso movement and I saw bulletins issued in various languages. That is in the field of propaganda. Now, in the purely military field, we so far do not have any firm proof that they are getting support either in the form of men, instructors, etc., or in the form of equipment and weapons.

[Question] Do you believe that this propaganda support is linked to some international power center that springs rather from a relationship with groups, institutions, or political parties that are not in power in their respective countries?

[Answer] I could not tell you that because we have no evidence, nor do we know the location of any headquarters, any central place where this movement or any offshoot of that movement could spring from. No. There is no evidence.

[Question] Or could there be a link with networks or gangs of drug traffickers? And, if yes, do you have any evidence?

[Answer] I could not tell you that, either. It has for example been possible to find out that there have been no clashes between the drug traffickers and the terrorists. Nor are there any alliances. It seems that both are indifferent or both stay away from each other. That is all I can tell you.

[Question] Is there no evidence either of any channel of arms smuggling to the terrorist groups from abroad?

[Answer] These things might happen possibly on the local level in some cases, where terrorism or the terrorists enter into an agreement or something like that in terms of giving protection to certain areas where there is drug trafficking. This can perhaps be interpreted as an agreement. But there has been no evidence that there has been any agreement on any broader levels.

# ECONOMIST GROUP RECOMMENDS PRIORITIZATION OF EXPENDITURES

Lima EL COMERCIO in Spanish Sunday Supplement DOMINICAL 14 Oct 84 pp 4-5

[Text] The Economists Association of Peru is about to mark its 20th anniversary. On this occasion, DOMINICAL held a dialog with the dean, Dr Francisco Baraybar Sendon, and with Dr Ricardo Noriega Salaverry, secretary for legal affairs.

[Question] What is the main reason that the problem of the national economy has proven impossible to solve suitably?

[Answer] It is obvious to the Economists Association, and we are all agreed on this, that the present government was wrong in its diagnosis of the country's economy; and that explains why it has been unable to solve the problems besetting us. That diagnosis claimed that what existed in the country was an inflation due to excessive demand and, as a result, it was decided to apply very consistent measures to curtail that demand. Credit became more expensive, and the money supply in the public's possession was limited, so that in this way there would be less purchasing power. And foreign currency was kept under its real value.

[Question] The International Monetary Fund had, and still has that same diagnosis of the national economy. Do you think that this is mere coincidence, or that it is due to the same conceptual context?

[Answer] Those who have been running the country's economy brought concepts to be applied to different situations, but they were not prepared to gear those theories to Peru. Their concepts and policies might have brought very good results in industrialized countries. In our environment, it was merely the old prescription of reducing the real wages of the workers who, in the end, are the ones most harmed and the ones who pay the consequences.

We also stress that the mistake of restricting the economy in this way caused a recession; and, although at one time not only were we disregarded but ridiculed as well, now the results may be assessed. Our purchasing power has been reduced so much that those who produce cannot sell; and this process is deteriorating so much that the companies have started to cut their personnel, increasing unemployment and underemployment, and many of them have gone bankrupt.

[Question] With regard to the situation being experienced by the productive sector, to what extent has the labor stability and industrial community contributed to its deterioration?

[Answer] Although they are not deciding factors, they are the ones contributing to this deterioration. If we compare the business universe of the Andean Group before these legal provisions, there was a certain amount of equity, and more or less equal conditions; but with them, which we would call additional taxes, there has been a considerable increase in the cost of industrial production in Peru, and a curtailment of investment. If we review the net foreign investment indicator, we find that it has been reduced so much that now it is virtually nonexistent. Previously, we were recipients of external savings, and now we are exporters of capital.

But I would like to complete my answer to the previous question, saying that both those who ran the country's economic policy and the International Monetary Fund officials, coincidentally, did not opt for the same prescriptions or policies.

[Question] With the exception, on our part, that there are other factors which are the ones that have caused direct foreign investment to decline in the Andean countries; what are the indicators which show us the seriousness of the crisis at present?

[Answer] The most important one, and the one which should concern everyone, is the employment factor. If we add the underemployment and unemployment, the percentage amounts to 60, and, with the most conservative assessment, 50 percent. There is nothing more cruel and more contrary to any economic doctrine that could be applied in the world, than the one which entails unemployment; and, worse still, in a country such as ours, in which there is no unemployment insurance, and hence its social consequences are very serious.

[Question] What was the diagnosis made of our economy by the Economists Association, in contrast to that of those who were responsible for the government?

[Answer] We maintained that what the country was suffering was an inflation of costs. And it is very odd, what we have just read on the financial page of EL COMERCIO a few days ago, in which there is a report on an analysis made by an Associated Bank, in other words, one with a greater share of state capital, which is none other than the People's Bank of Peru, wherein one meets with the shock that the controlled prices are the ones which have risen more within the universe of prices used to gage the cost index. This phenomenon should not shock that bank, because for those who study and research in the economic field, it is common for this to occur in all the countries where two prices exist: the controlled and the free, wherein the same phenomenon occurs as a rule. It is the controlled prices which rise more, unlike the others, which are subject to supply and demand; because, usually, the prices controlled by the government are associated with monopolies. If we analyze the cost of electric power, of fuels and of the leading foods, we find that they are controlled by the government, and it is presumed that they should be directed or administered with a marked social criterion and an anti-inflationary policy. And if we observe, or consider, that last month's inflation rate dropped, and that same month the controlled prices had a reduction in their increment, we shall have to agree that we are faced with an inflation of costs. These costs, combined with many others which

have also increased, because the government created the so-called inflationary expectation, attest to our diagnosis.

[Question] What was the country's actual situation at the time that this economic policy was started?

[Answer] At that time, we had a real situation which, if not excellent, was very good indeed. It cannot be forgotten that, in 1980, we had surmounted the 1978 crisis which was very serious, and during which Peru was even declared not subject to credit, along with Zambia. We had a record volume of foreign exchange in the Central Reserve Bank; our traditional export products had a good price and great demand; while the non-traditional ones were experiencing a good period, and there was virtually a good scaffolding that could have enabled us to have a better present economic situation.

[Question] With regard to foreign exchange, what is your evaluation of the way in which the Central Reserve Bank has been run in recent years?

[Answer] It seems to me that it has been an island of tranquillity in the whole complex. It has carried out a consistent policy completely in accordance with what befits it in the handling of the money supply and the monetary policies in the country; although it has also been subject to the consequences of the economic policy carried out by the Ministry of Economy, Finance and Commerce. But despite that, I would stress, it has been and is putting a good monetary policy into effect.

[Question] What would the association suggest that should be given priority in view of the present situation?

[Answer] Giving priority to spending: this is essential, and what should be done immediately. We cannot continue to afford using our meager available resources to allocate them for certain areas wherein the benefits are limited to one group of families; an act which may be very praiseworthy, but which is not the one most urgently needed in the country. One of our constant failings in the economic management of the country has been and is the lack of priority for spending, and in our view this is one of the reasons for the almost complete dismantlement of the National Planning System, an agency which has become so small that it appears to be tending to disappear.

[Question] With respect to the prioritization of spending, are you referring, for example, to the fact that in 1983 350 billion soles were allocated as subsidies for a limited number of dwellings, and less than 50 percent of that amount was earmarked for all the food?

[Answer] Unquestionably, and other examples could be cited, but not only in the central government. To mention just another instance, the Peruvian Social Security Institute has just invested a large sum, involving millions, to purchase 50 or 70 dialysis machines, many of which are not operating yet; and, as everyone knows, in nearly all its medical care facilities no medicines, anesthesia, etc. have been obtained.



[Question] In addition to this prioritization, what other urgent measures should be adopted?

[Answer] We keep stressing that greater liquidity should be introduced into the market. One of the means that we have suggested is that use should be made of the refinancing of the private debt; because this sector is still making monthly payments to the Central Reserve Bank, and since that money need not be converted into foreign exchange for purposes of the refinancing, instead of being frozen in the bank, owing to the policy of total liquidity that exists on the market, and the shrinkage in purchasing power, it should be returned to the market, and injected exclusively into the private sector and the productive sectors; whereby many factories would resume their activities, which are not completely curtailed, and more jobs would be created.

We should also select and dynamize the activities which we call driving forces, channeling this flow of money toward industrial and productive activity, wherein a suitable prioritization of investment should also be carried out.

[Question] In view of the almost standstill of the industrial sector, don't you agree that use should be made of this regrettable situation to make a reconversion of the productive system, gearing it to what the country will need during the next 10 or 20 years?

[Answer] This is undoubtedly an obvious necessity, because our industrial sector has grown in a completely arbitrary way, without any planning. And this has prompted us again to have to turn our eyes to the National Institute of Planning and the need to apply technology to the country's economic management.

[Question] Since you have referred to the application of technology to the economy, what role have the economists played in the country's economic management?

[Answer] The association is preparing a document, which will soon be released to the public, wherein one can observe that the pertinent agencies in the entire public sector, or at least in a large part of it, are in the hands of empiricists, who, for reasons of seniority and others, have the economic professionals under their orders. One often finds heads of offices of economic and planning studies who do not have training nor degrees to back them. We also consider it uneconomical for the country to have spent so much training economists, who are later excluded or ignored completely. We cannot continue as we have during the 160 years of our history as a republic which have elapsed, during which we have chosen names and not men to run the economic policy.

[Question] How many economists with degrees are there in the country?

[Answer] About 20,000, some 8,000 of whom are enrolled in the 12 Economists Associations operating in the country.

[Question] Why doesn't the Economists Association have the same presence that other professional associations have in the debate on the national problems?

[Answer] With regard to its presence in national activity, the association often holds a series of activities, such as forums, courses in special subjects, seminars, lectures, etc. Where it lacks a very active presence is in the publication of communiques, because it is very careful in the handling of its views and its statements; but this doesn't mean that it has ceased to take action, especially when there should have been or is reason to criticize what in its view is not based on proper handling of the country's economic policy. It has also done so, proposing alternatives in connection with the most diverse and complicated national problems.

[Question] The 20th anniversary of this association is approaching. What institutional endeavor has it been engaged in?

[Answer] We have 45 economic study and research commissions, with which we are preparing what we ambitiously term a national project. We have developed permanent lecture series which we call economic dialogs, at which we analyze the current problems. Then, the weekly lectures which are called economic weeks, jointly with the Ebert Foundation. We are planning a congress to be held next April, on the occasion of our 20th anniversary, and the Eighth National Congress on Economics, which will take place in the city of Cuzco in October 1985. We have about 75 economists who have just been added to an already long list of over 150, who are working as coordinators in the association and in all the public and private institutions, to raise the quality of the rendering of our professional services. The activity that has been carried out has brought about a kind of explosion, one that has forced us to leave these premises, with 150 meters of space, and move to another with 900 meters, where extension and post-graduate courses, as well as courses in international finance, bank financing, introduction to econometrics, the input-product table, the evaluation and formulation of plans, technical English, etc., will be given.

[Question] What report will this association take to the Latin American Economists Congress, which will take place at the end of this month in Mexico?

[Answer] For this congress, and for the one in Colombia and the one of the Andean Group economists, we are preparing a series of proposals associated essentially with everything that has caused and maintained our present dependence. In this connection, there will be a discussion of the use of United States currency for our transactions, the dependence on the United States and Europe for our imports, the mechanisms for legislation, and particularly the financial and economic ones, analyzed sectorially and separately. There will also be stress on the terms on which our foreign debt should be renegotiated.

2909

CSO: 3348/54

# TAX WORKERS' STRIKE COSTING BILLIONS OF SOLS DAILY

Lima EL DIARIO DE MARKA in Spanish 23 Oct 84 p 2

[Text] The treasury loses about 30 billion sols a day because of the strike of the 3,500 workers of the General Tax Directorate of the Ministry of Economy, Finance and Commerce that began on 10 October.

The leader, Cesar La Rosa, announced this. He said the government was responsible for the consequences of the strike since it did not comply with Article 3 of Legislative Decree No. [illegible] which grants the workers bonuses for productivity in the collection of domestic taxes.

La Rosa stated that, according to that article, 1 percent of the collection was to be invested by the directorate not only for bonuses for the workers but also for infrastructure and training.

He remarked that, as a result of the strike, about 120 billion sols have not been collected in taxes.

It was also learned that two additional tax sectors are in danger: the tax amnesty granted by the government until 31 October; and the period for the fiscal tax year of 1979, a period that is set every 4 years.

With respect to the former, La Rosa revealed that if the strike continues, "the amnesty will fail and this month the treasury will lose about 600 billion sols. In August about 550 billion sols were collected and 850 billion in the following month."

"We emphasize once more that, since last July, we have demanded that the government comply with the law but it shows contempt," the leader stressed.

The workers also demand the appointment of 1,800 contracted workers, better working conditions and the return of illegal deductions after the June strike of state workers, among other points.

The workers demonstrated again yesterday in the streets near the Ministry of Economy, Finance and Commerce.

## GARCIA FOR MORATORIUM, AUSTERITY; AGAINST GAS PRICE HIKE

Lima EL DIARIO DE MARKA in Spanish 26 Oct 84 p 2

[Text] APRA [American Revolutionary Popular Alliance] deputy Alan Garcia challenged the government to explain to the country whether the predictions of a catastrophic economic future formulated by the president of the BCR [Central Reserve Bank], Richard Webb, are valid or not. Webb announced that the fiscal deficit will reach 10 percent in 1984 and 14 percent in 1985. He said that, to solve this, it will be necessary to double the price of gasoline and reduce public investment, among other drastic measures.

In an energetic speech during a press conference at his party's headquarters, the APRA presidential candidate suggested that the leaders of the main political parties again meet to dialogue on this topic. At the same time, he invited Dr Webb to explain the real situation of the country to the presidential candidates.

Webb made serious disclosures on the handling of the fiscal deficit last Tuesday, 23 October, indicating that it will reach 10 percent in 1984 compared to the 4.5 percent that the government had agreed on in the Letter of Intention signed with the IMF.

This estimate also surpassed the 6 percent that President Belaunde predicted last Sunday.

Webb went further in his calculations, stating that the fiscal deficit will reach 14 percent of the Gross Domestic Product in 1985 and that, to confront this, it would be necessary to raise the price of gasoline to \$2 per gallon--that is, 9,000 sols at the current exchange rate. It will be even higher priced since the devaluation will continue until 1985 and, therefore, the price will be higher.

Webb added that another alternative to reduce the fiscal deficit was to stop all public works with subsequent massive unemployment and paralysis of the economy.

## Until the Last Second

Garcia noted that President Belaunde is responsible for this disastrous economic policy until the last second of his presidential administration. This responsibility does not extend to the government that will succeed him in power.

He immediately suggested that it would be good if the four presidential candidates could meet again. They already met once to dialogue about national problems which was beneficial for all.

## Debt Moratorium

To a question from the reporters on whether his party agreed with former minister Ulloa about obtaining a debt moratorium, the APRA candidate answered that this politician today supports what he denied yesterday in every language. His party advocated negotiating a foreign debt moratorium immediately, but not on the sly or with local twists as is being done, refusing to pay unless delayed or retained quotas are delivered.

He recalled that there is an international legal precedent set by a U.S. jury that did not find any crime in Costa Rica's decision not to pay portions of its foreign debt.

He spoke out for a moratorium tied to deals with other Latin American countries contrary to what the U.S. Government supports. Applying the divide and conquer philosophy, it advocates settlement of the debt through bilateral deals.

He was categorical in stating that the current debt is unpayable. It is an avalanche which can only be confronted through joint action by the Latin American countries. "Now Kissinger himself who until yesterday scorned our position as debtors advocates a different solution based on the need to reduce interests and extend the terms for payment."

## No to Rise in Gasoline

The APRA leader stated he was against the measure to double the price of gasoline to solve the fiscal deficit.

He accepted the need to consider an increase in tax collections, not from those who are paying now but by extending them to those who do not pay and through the creation of a tax-paying conscience.

He also included as alternatives greater austerity in the state system, limiting expenditures and privileges for a top official who should subject himself to the necessary austerity.

He maintained that the tax alternative not only means increasing taxes but also lowering them and extending them.

He called attention to the need to avoid superfluous expenditures for construction that does not benefit the needier sectors of the country. He stated that, according to IPAE [Peruvian Institute of Business Administration], \$250 million have been invested in subsidizing the construction of 180,000 housing units for a minority sector of the country.



## PMLN, PRT, FEDEP SEEK AFFILIATION WITH UNITED LEFT

Lima EL DIARIO DE MARKA in Spanish 22 Oct 84 p 4

[Excerpt] The APS [Socialist Popular Action] and the PADIN [expansion unknown] formalized their commitment as allies of the IU [United Left] in the next general elections. Now the PMLN [Mariategui National Liberation Party], the PRT [Revolutionary Workers Party] and the FEDEP [Popular Democratic Front] have asked to join the front.

The requests presented by those groups will be considered by the National Executive Committee of the IU Tuesday night, according to Senator Jorge del Prado, secretary general of the PCP [Peruvian Communist Party] and current IU coordinator.

The PMLN is led by the deputy and prestigious doctor, Antonio Meza Cuadra. The PRT is led by Hugo Blanco who has announced unconditional support for the IU and FEDEP is led by attorney Saturnino Paredes.

In circles close to the left, it was stated yesterday that the incorporation of these groups would expand the spectrum of the IU even more. It is led by its presidential candidate and mayor of Lima, Alfonso Barrantes Lingan.

Hugo Blanco distanced himself from his Trotskyite partisan, deputy Demetrio Tauri, whom he has accused of being sectarian and divisionist.

## Departmental Slates

Jorge del Prado corrected reports that have been spread in some mass media about alleged agreements concerning candidates for deputy. He stated that those stories lack any basis and "that any information on this will be announced by the National Executive Committee through the corresponding channels."

According to the National Plenary of the IU held at the beginning of the month, the departmental plenaries and the National Executive Committee will be responsible for drawing up the slates of candidates for deputy in the departments.

## Silva Ruete

The IU coordinator commented on Javier Silva Ruete's recent decision to accept nomination to a parliamentary position by APRA [American Revolutionary Popular

Alliance]. He indicated that it did not seem strange to him because Silva Ruete's neoliberal conduct is nothing new. He initiated the IMF policy when he was responsible for the economic policy under Morales Bermudez' government which continued under the current Belaunde government.

He added: "His presence on the APRA slates is understandable because the centrist sectors, not the left, have greater expression and encouragement in this party today."

Del Prado added that the balance of power is defined. The anti-imperialist groups that aspire to a real transformation of the country are in the IU and the remaining groups--outside of the two most important currents, APRA and the IU--represent the persistence of the old electoralism without principles or programs.

7717

CSO: 3348/89

## STRIKERS FROM VARIOUS SECTORS CLASH WITH LIMA POLICE

Lima EL DIARIO DE MARKA in Spanish 25 Oct 84 p 4

[Text] The unions in the country are coordinating actions to organize the next National Strike in the midst of a union situation affected by the radicalization of the strikes by several unions.

The nurses, the workers in the agrarian sector and the employees of the Tax Directorate have been on strike for several weeks. They returned yesterday to lead street demonstrations in Lima, holding lightning meetings and demonstrations that were violently repressed by the police. Members of the Special Services Unit of the Civil Guard attacked the workers, men and women who demanded a solution to their economic demands, with tear gas and water hoses.

Chanting the motto "the struggle is in the streets and not in the offices," the workers of the Tax Directorate demonstrated in the streets near the Ministry of Economy, Finance and Commerce, blocking vehicular traffic repeatedly. The police repression against them was savage. In the end, several were wounded and others arrested.

Meanwhile, the workers at the Ministry of Agriculture who have been on strike for 37 days have declared a group fast in several provinces in the country.

Cesar Janto, secretary general of SUTSA [expansion unknown], said that some 100 workers in Cusco, Huanuco, San Martin and Lima will participate in the hunger strike.

The nurses also went back to the streets to demand a solution to their problems and protest the intransigence of the authorities at the Ministry of Public Health. They were also repressed by the police who did not even respect their gender.

The president of the Nurses Federation, Maria Rodriguez, reported that they had met with Senator Javier Alva Orlandini in the morning. He promised to mediate in the problem so that they get paid for night duty.

The teachers grouped in the four sectors of the Southern Cone went to Education Zone 04 of Barranco to demand that the director, Popular Action member Dante Aliaga, appoint the degreed teachers who are working under contract.

The departmental leader and leader of Zone 04, Jorge Atuncar de la Cruz, demanded the immediate implementation of the internal promotion regulation and the end of the arbitrary reassignments that favor the members of Popular Action who try to work as teachers with only 5 years of secondary education.

They demanded Aliaga's dismissal and complete reorganization of Education Zone 04.

The secretary general of the CGTP [General Confederation of Peruvian Workers], Valentin Pachó, stated that the working class is coordinating actions to organize the next National Strike. Its date will be decided at a national popular assembly on 10 November.

He said that the action of the workers will be against the economic policy of the regime that is impoverishing the majority of the families in Peru more and more as a result of the continued price increases of fuels, food products, medicines, rates and fares.

He questioned the statements by the minister of economy, finance and commerce, Jose Benavides, who hinted a few days ago that prices would not go up again. "All of us workers know that the representatives of the government lie, especially when the president of the Central Reserve Bank, Richard Webb, has announced that the alternative to cover the fiscal deficit of 1984 and 1985 is to raise gasoline to 9,000 sols per gallon and cut back on public works."

Pachó stated that before the National Strike, there will be regional strikes for 24 and 48 hours and demonstrations in different cities.

#### Other Organizations

The secretary general of the CTP [Confederation of Peruvian Workers], Luis Cruzado, felt that the country is in a stage of electoral excitement. Therefore, the conditions are not right for a general strike.

However, other federations and unions like the CCP [Peasants Confederation of Peru] agreed with the National Strike. On Saturday, 26 October, there will be a meeting of the National Unified Action Command to encourage a national agrarian strike.

7717

CSO: 3348/89

## BRIEFS

ECUADORAN FISHING BOATS FINED--Lima, 11 Nov (EFE)--It was learned today that on 9 November a patrol ship of the Peruvian Navy captured eight Ecuadoran fishing boats fishing in Peruvian territorial waters. The boats were released after paying unspecified fines. Radio Programas del Peru reported on the communique released by the port captain's office in Talara (1,185 km north of Lima), according to which the Ecuadoran fishing boats were illegally catching sardine on the Mancora Bank. The bank lies inside the 200 miles of Peruvian jurisdictional waters, and the fishing boats were stopped by the Peruvian Coast Guard ship "Rio Ocona." According to the radio station, the boats were released after their owners made statements and paid fines of an unknown amount to the General Directorate of Port Captains in Callao. [Text] [Madrid EFE in Spanish 0335 GMT 12 Nov 84]

CABINET CHANGES EXPECTED--A new cabinet crisis is expected at the end of the year since it was learned yesterday that President Belaunde intends to make some changes in the current cabinet. It was learned that Foreign Minister Luis Percovich Roca may leave his post at Torre Tagle Palace [Foreign Ministry] to replace Economy Minister Jose Benavides Munoz, whose commitment to President Belaunde expires by the end of December, as revealed by Benavides himself. Percovich will retain his post as prime minister and may also become economy minister by 1 January 1985. Reliable sources reported that other ministers may also be removed, including Agriculture Minister Juan Carlos Hurtado Miller and Public Health Minister Juan Franco Ponce. [Text] [Lima Radio del Pacifico in Spanish 1300 GMT 12 Nov 84]

NURSES ON HUNGER STRIKE--A total of 70 nurses are on a hunger strike in Peru because the government has refused to meet their labor demands. It has been learned that five of the nurses have had to be sent to hospitals because they are already showing symptoms of dehydration. It has also been learned that the labor unrest among Social Security and Agriculture Ministry employees has led the Unitarian Struggle Command [Comando Unitario de Lucha] to call for a big rally in front of Congress on Tuesday. The Command will hold a meeting on 17 November to set the date for the nationwide strike it has called. [Text] [Havana International Service in Spanish 0000 GMT 9 Nov 84]



POLICE INVOLVED IN SCANDAL--A new case of corruption involving members of the Peruvian police forces was learned of today through the newspaper LA REPUBLICA, which reported the kidnapping and rape of a young woman in Miraflores district by four members of the Peruvian Investigative Police. The policemen wounded the victim's father when he tried to stop them. Army Commander in Chief General Julian Julia denied that military circles are afraid of the United Left's possible victory in the 1985 elections. In reply to questions from the press, Julia refuted speculations in the right-wing press following remarks by United Left presidential candidate Alfonso Barrantes, who said that with a leftist government, the Armed Forces would work for national development. The Army commander denied that he challenged Barrantes to clarify the left wing's position on the Armed Forces. Julia reiterated that he only pointed out the Army's nationalist and constitutionalist position. [Text] [Havana International Service in Spanish 1800 GMT 5 Nov 84]

NEW INAP HEAD ANNOUNCED--The new head of the National Institute of Planning [INAP], Edgardo Quintanilla Quintanilla, is a civil engineer and economist, and a planning expert, from Arequipa, who is 55 years old (his birthday is on 15 December). Ignacio Basombrio's replacement has an extensive career. He was graduated from UNI [National Engineering University] as an engineer in 1953, and from San Marcos, as an economist, in 1968. He has held important positions and missions in the government, both in the country and abroad. He has also taken professional courses at universities in France, the United States, Canada, the Netherlands, Spain, Germany, Israel, Pakistan, Indonesia, Hong Kong and elsewhere. [Text] [Lima EL COMERCIO in Spanish 15 Oct 84 p A-4] 2909

CSO: 3348/54

BRIEFS

EUROPEAN INVESTMENT TEAM--A team of investment developers from Europe arrived in the island Monday to evaluate the Louvet Beach Project and to meet with government officials. The team held talks with Prime Minister John Compton and Minister of Industry George Mallet at the Prime Minister's official residence shortly after arrival at the Vigie Airport. Yesterday the team met with a number of government and service departments, including the St. Lucia Electricity Services, Central Water Authority and Cable and Wireless, with regard to the beach project. [Text] [Castries THE VOICE in English 24 Oct 84 p 1]

CSO: 3298/145

TEXT OF ROBINSON ADDRESS TO DAC SPECIAL CONGRESS

Port-of-Spain TRINIDAD GUARDIAN in English 22, 23, 24, 26 Oct 84

[22 Oct 84 pp 8, 12-13]

[Text] Positive achievements made by the Tobago House of Assembly under the control of the Democratic Action Congress (DAC) were highlighted by the party's Political Leader Mr. Arthur Raymond Robinson at a special congress of the DAC yesterday.

In his wide ranging address before a large crowd at Shaw Park in the sister island, Mr. Robinson, who is leading the DAC team against the People's National Movement (PNM) slate (who are trying to wrest control of the THA from the DAC) ended his address with a stinging attack on the PNM.

This was how he concluded: "The Prime Minister has clearly shown the people of Tobago who is George Michael Chambers.

"It will now be your turn to show Prime Minister George Michael Chambers, the nation, the Caribbean and the world, who are the people of Tobago."

Today the GUARDIAN beigns to serialise Mr. Robinson's speech. The second part will be carried tomorrow.

**MEMBERS of the Congress:** As you are aware, the Tobago House of Assembly was inaugurated on December 4, 1980, by His Excellency the President and thereafter encountered numerous obstacles in its attempts to discharge its statutor, 'unctions.

I focus today, not on the obstacles, but on what the Assembly has achieved since its inauguration.

**1.) RE-INTRODUCTION OF DEVELOPMENT PLANNING:**

The first major achievement of the Assembly was the reintroduc-

tion of development planning in Trinidad and Tobago.

By unanimous resolution on February 26, 1981, the Assembly approved a ten-year Development Plan for Tobago for the years 1981-1990.

Planning had previously been abandoned in Trinidad and Tobago at the start of the oil bonanza in 1974. As the then Minister of Finance and Planning put it: "Planning has gone out of style".

The ten-year plan for Tobago was put to the electorate and endorsed at the Tobago House of Assembly

elections on November 24, 1980. This was an unprecedented step in the history of Caribbean-politics.

On July 2, 1981, a ministerial team conveyed both orally and in writing the Cabinet's acceptance of the Development Plan.

The Ministry of Finance and Planning was to prepare proposals on the phasing and costing of the plan.

Supplementary estimates were subsequently passed in Parliament in 1981 incorporating in the national budget several of the projects included in the Plan.

## OBJECTIVES OF THE PLAN:

The objectives of the Tobago Development Plan 1981-1990 are as follows:

i) to transform the economy of the island of Tobago from a dependent consumer state into productive self-reliance;

ii) to end the system of exploitation of Tobagonians and their unique environment;

iii) to provide for residents of Tobago, as far as is reasonable, facilities and amenities for self-expression and self-improvement equal to those available to residents of Trinidad;

iv) to provide a level of infrastructure and health facilities adequate to the needs of the resident community and the demands of thousands of holiday visitors to the island;

v) to end Tobago's isolation from its Caribbean neighbours, bring the island into full participation in the Caribbean Community and assist the people in their quest for roots;

vi) to provide direct communication between Tobago and the outside world;

vii) to promote the fullest participation by the people in the exploitation of their natural resources including the deposits of offshore oil and natural gas;

viii) to enable the people to make a more positive contribution and be a recognised asset to the Republic of Trinidad and Tobago as a unitary state;

ix) to protect the world-famous ecology of the island, improve the quality of life, and promote the full flowering of the personality of the island and its people.

The plan emphasises total development rather than a capital investment programme only.

It was estimated to cost \$1,500 million over the ten-year period.

While over the period 1970-1978, capital expenditure for Trinidad and Tobago was \$5 billion, Tobago's share during that same period was \$90 million or a paltry 1.8 per cent.

Taking into account the almost complete absence of private investment in Tobago, the traditional policy of underdeveloping Tobago was starkly apparent.

## 2.) IMPROVEMENT OF THE INFRASTRUCTURE:

Recognising the fundamental importance of infrastructural development for Tobago, the Assembly has made determined attempts to improve the infrastructure.

On December 5, 1978, the existing state of affairs was described as follows in the "Express":

"The electrical blackouts recur with disturbing frequency;

the water taps go dry in many areas; the surface of the roads are criss-crossed with dangerous potholes; the Scarborough docks are in a state of chronic congestion; the telephones are crazy, dying or dead and the taxi rates have gone up sky high".

The quotation from an article by the late Horace Leighton Mills portrays the state of the infrastructure in Tobago when the Tobago House of Assembly was inaugurated on December 4, 1980.

The Assembly decided to give priority to infrastructural improvement with emphasis on road maintenance and development. During the period from September 1981 to September 1984, the road system in Tobago has been virtually transformed. Details of work done are as follows:

### ROADS:

1) Potholes filled and roads resurfaced:

a) Scarborough and Environs: Calder Hall, Morne Quiton, Bagatelle, Main Street, Bacolet Street, Jerningham Street, Bay Street, Milford Road, Mt. Marie Road, Cuyler Street, Fort Street and Young Street.

b) Scarborough to Plymouth;

c) Northside Road:

i) Des Vignes Road to Parlatuvier; and, ii) Scarborough to Mason Hall.

d) Arnos Vale Road;

e) Plymouth Road;

f) Windward Road and Kendal By-pass;

g) streets of Mt. St. George.

2) Roads reconstructed or under reconstruction:

i) Lambeau Village Street;

ii) Canaan Village Streets;

iii) Mile End;

iv) Mt. Gomery Church Road;

v) Pump Mill;

vi) Harmony Hall Trace;

vii) Calder Hall Trace;

viii) Mt. Grace Trace;

ix) Soldiers Trace (Belle Garden);

x) Bethlehem Trace;

xi) Buccoo/Auchens-keoch Road;

xii) Bloody Bay/Parlatuvier;

xiii) Campbleton;

xiv) Hermitage;

xv) Bel Air;

xvi) Culloden Bay Road;

xvii) Top Hill, Speyside;

xviii) Lucy Vale, Speyside;

xix) Tobias Trace, Pembroke;

xx) King Street, Delaford;

xxi) Milford Court;

xxii) Coral Gardens;

xxiii) Speyside Housing Scheme.

## (3) ROADS CONSTRUCTED:

(1) Connector Roads)

i) Bacolet Street Extension;

ii) Robinson Street Extension;

iii) Buccoo North and South;

iv) Lambeau North and South;

v) Old Government Farm North and South;

vi) Northside Connector Road.

## (4) CONSTRUCTION SUPERVISED:

i) Claude Noel Highway and connector roads;

ii) Buccoo (Main and Secondary Roads) — The construction of roads with water reticulation system throughout Buccoo Village;

iii) Black Rock Road — Construction of 0.5 long road with reinforced concrete wall together with water reticulation of approximately 1.0 km in length;

iv) St. Cyr Street — Canaan — This project consists of construction of 1.0 km of road; 2.0 km of water lines, a retaining wall 8.0 m long and 1.5 m. high; and a Vee-drain 150 m long.

## BRIDGES BUILT OR RECONSTRUCTED:

i) Kendal;

ii) Steel River;

iii) Parlatuvier River;

iv) Daniel Trace, Carnbee;

v) French Fort;

vi) Plymouth, Arnos Vale;

vii) Daniel Street (Plymouth);

viii) French Fort Bridge;

ix) Kendal Bridge;

x) Charlotteville Bridge.

## SEAWALLS CONSTRUCTED:

- i) Blenheim;
- ii) Little Englishman's Bay;
- iii) Kendal;
- iv) Speyside;
- v) Mt. Irvine;
- vi) Lambeau.

## RIVER BED RE-ALIGNED AND PAVED:

- i) Manager River (Charlotteville);
- ii) Proper River (Speyside);
- iii) Roxborough River.

**TRAFFIC SIGNS, DIRECTIONAL SIGNS AND MARKERS:** Signs have been erected everywhere throughout the island.

## DRAINAGE PROJECTS COMPLETED OR UNDERTAKEN:

- i) Fort Street;
- ii) Lower Scarborough;
- iii) Northside Road;
- iv) Providence Road;
- v) Friendsfield;
- vi) Windward Road;
- vii) Dunvegan;
- viii) Old Ground (Golden Lane);
- ix) Adventure (Plymouth);
- x) King Street (Plymouth);
- xi) Smithfield Road.

## FEASIBILITY STUDIES DESIGNS AND CONTRACT DOCUMENTS:

Feasibility Study and Design for the 12 km long L'Anse Fourmi/Charlotteville road has been completed.

The main objectives are:

- i) To halt and reverse the depopulation of the North-east section of Tobago;
- ii) to promote industry primarily in tourism and agriculture, thereby facilitating (i) above;
- iii) to make the agricultural and fishing industries in Charlotteville and Bloody Bay more viable by providing better and quicker access to the population centres of Roxborough and Scarborough;

iv) to create employment during the construction phase in both L'Anse Fourmi and Charlotteville with the sign off of smaller scale long-term employment for maintenance;

v) To improve communication for higher education and social services which are impeded by difficulty of access to these rural areas.

vi) to provide a main alternative route from Roxborough and Charlotteville which would enable the much needed improvements for the existing Roxborough-Speyside-Charlotteville route to be carried out without too much disruption.

## MILFORD ROAD DRAINAGE AND SEA-DEFENCE PROJECT:

Designs and contract documents were completed over one year ago.

## CONSTRUCTION MATERIALS PROJECT:

Development of Rock Quarry at Studley Park to produce aggregates for roads and other infrastructural work in Tobago.

## BUILDINGS CONSTRUCTED OR UNDER CONSTRUCTION:

- i) Office complex at Old Government Farm to house Works Division Head Office, Mechanical Workshop and Transport Services;
- ii) temporary transport and mechanical plant at Blenheim.

## CROWN POINT AIRPORT:

Outfall and V-Drains constructed and surface area of 8,545 sq.m. at Crown Point Airport paved to prevent the formation of pools of water at the low spots during rainfall.

## UTILITIES:

Responsibility for the utilities has not been conceded to the Assembly by the Central Government but the Assembly has provided the financing for the following projects:

## ELECTRICITY — T.&T.E.C.:

- i) Electrification of the Roxborough/Argyle Corridor;
- ii) electrification of Top Hill, Mason Hall;
- iii) electrification of Upper Les Coteaux Village;
- iv) three (3) phase cables to Patience Hill for heavy industrial use;
- v) electrification of Bloody Bay;
- vi) electricity to Richmond Point — Belle Garden.

## TELEPHONES — TELCO:

- i) installation of public telephones;
- ii) installation of telephones at Bethel Health Centre and at Signal Hill Senior Comprehensive School;
- iii) commencement of infrastructural work for the expansion of the telephone system throughout Tobago;
- iv) extension of service to Les Coteaux, Golden Lane, Mt. Thomas, Moriah, Castara, Parlatuvier, Roxborough, Charlotteville;
- v) expansion of service by approximately 400 lines in Scarborough.

## WATER — WASA:

- i) twelve-inch water mains from Buccoo Junction (off the Courland System) to Bon Accord;
- ii) construction of raw-water intake, filtration gallery and settling tank at Courland for improving the quality and quantity of the supply to Buccoo, Mt. Pleasant, Lowlands, Canaan, Bon Accord and Crown Point;
- iii) twelve-inch water mains from Bon Accord to Crown Point Airport;
- iv) water mains from Patience Hill to Bethel;
- v) water mains and pipe-borne water to Bamboo Hill Les Coteaux; Lower Golden Lane (Cut Hill) and upper Les Coteaux;
- vi) pipe-borne water to the following areas:

Sober's Trace — Bethel; Daniel and Allfields Trace — Mt. Pleasant; Back Street — Mt. St. George; Den-nett, Jigger Hill, and Easterfield Roads — Mason Hall; Soldiers Trace — Zion Hill — Belle Garden George Street — Glamorgan;

vii) replacement of water mains on all streets in Buccoo Village.

viii) replacement of seriously defective water mains in the following areas: Mt. St. George/Castara Road; Windward Road from Blenheim through John Dial to Bacolet; Cullo-den Bay Road; Milford Road from Shirvan to Lowlands.

## 9. KING'S BAY DAM OPERATIONS:

- i) Construction of water treatment plant at Lambeau Hill, Speyside.
- ii) installation of water mains from King's Bay Treatment Plant to Delaford;
- iii) laying of water mains from King's Bay to Speyside Village.

10. Replacing defective filters at Hillsborough Dam to improve the supply of water to Scarborough, Lambeau, Carnbee, Signal Hill, Patience Hill and Bethel.

11. Construction of additional raw water intake at Green Hill.

12. Purchase and installation of water storage tanks for:

- i) Mason Hall; ii) Runnymede; iii) James Street, Goodwood; iv) Patience Hill; v) L'Anse Fourmi/Bloody Bay; vi) Parlatuvier/Castara.

13. Purchase of standby pumps (booster pumps) for Hillsborough Dam, Craig Hill, Richmond, Zion Hill.

14. Winning of underground water at Old Government Farm and integrating it into the Scarborough and Lambeau water system.



## BUILDINGS:

i) Construction of building at Bacolet to house offices of the clerk and the legal officer and the following Divisions:

- a) Finance and Budget;
- b) general administration;
- c) personnel administration;
- d) registry.

ii) Construction of asphalt plant and laboratory at Goldsborough;

iii) Extension and renovation of Sandy Hall to house office supplies and stationery stores

iv) construction of offices at Old Government Farm for Drainage and Roads Maintenance Sections of the Works Division.

v) refurbishing and restructuring the Beile Garden Great House for use as a rural development and training centre.

vi) completed repair work and restructured former Scarborough Community Centre for offices of the Divisions of Social Welfare and Community Development

vii) renovated old WITCO Building at Signal Hill for offices of Health Division.

In addition the Assembly has assisted in the construction of the following Community Centres

- i) Moriah;
- ii) Mt. St. George;
- iii) Castara.

Under construction and nearing completion are the following centres:

- i) Lambeau;
- ii) Goodwood;

Work on community centres has commenced at:

- i) Pembroke;
- ii) Patience Hill;
- iii) Delaford;
- iv) Golden Lane.

Health centres under construction are as follows:

- i) Roxborough;
- ii) Buccoo;

Constructed health centres at Belle Garden and nurses quarters at Charlotteville.

Under construction at the Scarborough General Hospital are:

- i) Out Patients Department;
- ii) laboratory;
- iii) mortuary;
- iv) extension of the Casualty Department

Renovation and repair work has been completed at:

- i) Les Coteaux;
- ii) Franklyn Methodist;
- iii) Lambeau A.C.;
- iv) St. Patrick A.C.;
- v) Scarborough Girls A.C.;
- vi) Scarborough R.C.;
- vii) Hope A.C.;
- viii) Roxborough A.C.;
- ix) Delaford — constructed one additional class room at Bethesda Government School. Two additional class rooms to be constructed with modern toilet facilities during 1985.

Restoration and extension of Bowles Hall, Bishop's High School.

Restructuring of Industrial Arts Centres at:

- i) Scarborough Junior Secondary School;
- ii) Roxborough Government Secondary School;

## PORT AND AIRPORT:

The Assembly has continually agitated such issues as the provision of a deep water harbour and international airport as an essential part of infrastructure for Tobago's development.

## 3. THE AGRICULTURAL PROGRAMME:

The main objectives of the Programme are:

- a) Improvement of the nutritional level of residents of Tobago

by increasing the quantity and quality of locally produced foodstuff.

b) increasing the income of the farming community — by providing the marketing facilities to enable objective (a) to be achieved with efficiency;

c) stimulating economic development generally by the establishment of "down-stream" activities;

d) import substitution and consequent increase in foreign exchange savings.

## CONSULTATION:

Several consultations with the farming community were held by the Secretary for Agriculture.

Those taking part included:

- i) Large landowners;
- ii) the Tobago Agricultural Society;
- iii) the Tobago Fish Marketing Cooperative;
- iv) the Tobago Fishing Cooperative;
- v) the Graduates Agricultural Cooperative;
- vi) the Tobago Pig Farmers Association.

Out of these discussions has arisen a greater awareness of the problems affecting the industry and of possible solutions to these problems.

A conference on Agriculture was held on June 28, and 29, 1984 to provide information for determining future agricultural policies.

Discussions have been held with external and internal agencies which have resulted in joint agreements for the development of agriculture in Tobago.

Some of the agencies involved are:

i) The Institute of Marine Affairs — an assessment of the marine resources of the reefs around Tobago;

ii) the Harbour Master's Division for the demarcation of Buccoo Reef and the provision of navigational aids in

the fishing ports around Tobago;

iii) the Food and Agricultural Organisation for collaboration in the establishment of a shark fishing industry by artisanal fishermen.

In this connection, it should be noted that an agroindustry of fish processing has been established and at present at least six products are available on the market from it;

iv) the Food and Agricultural Organisation for assistance in the development of a plan for utilisation of State Lands.

v) a seminar on pests as they affect agriculture was held. Participants including the Police, Foresters, Agricultural Officers, Farmers and F.A.O. experts had a most lively and informative session.

The discussion of the Cocrico produced valuable information which influenced policy decision on the control of this prominent agricultural pest.

## TRAINING:

Several training courses for farmers have been held in:

- i) Vegetable production;
- ii) small animal production;
- iii) crop production;
- iv) care and maintenance of small farms equipment;
- v) the proper use of pesticides;
- vi) metrication in agriculture.

In addition, selected farmers were sent to the Farmers' Training Courses in Trinidad for instructions in:

- i) Beekeeping;
- ii) small animal production. All of these courses were designed to expose the farmer to latest methods of production aimed at increased productivity.

## INFORMATION:

The Agricultural Division now produces a monthly information

bulletin. This is available to the farming community through the extension offices.

In addition, a programme of information is broadcast regularly on 610 Tobago. This programme is a supplement to the regular meetings held by the extension officers in their district.

## **LAND DISTRIBUTION:**

The Assembly considers the distribution of agricultural state lands essential to increased productivity.

For over a decade the government continued to keep hundreds of acres of good agricultural land in lastro and infected with pests.

[23 Oct 84 p 8]

[Text]

A COMMITTEE was therefore established by the Assembly to screen all applicants for state lands for agricultural purposes.

Screening has already taken place. It should be noted that this function has only recently been assumed by the Assembly.

## **INFRASTRUCTURAL REORGANISATION:**

A plan for the strengthening and reorganisation of the Agricultural Division has been approved by the Assembly. This plan was discussed with and recommended by the Organisation and Management Division of the Ministry of Finance and has been awaiting Cabinet approval for implementation.

## **4. IMPROVEMENT IN MARKETING:**

The Assembly has always placed the greatest emphasis on an efficient marketing system as essential to agricultural development.

For three years the government refused to allow the Assembly to discharge its marketing function under the Act.

(i) Agricultural Products: However, under the Assembly there has in a short space of time been marked improvement in the marketing of agricultural products.

(ii) Stock Feed: While previously farmers experienced great difficulty to obtain a regular supply of stock feed, this problem has now been resolved.

In addition, there has been a significant reduction in price to the farmer since feeds are supplied at no more than 10% above factory price.

(iii) Fertilising and medications: Fertilisers and medications also are now being supplied by the marketing division.

(iv) Pigs: Strenuous efforts have been made by the Assembly to resolve the burning issue of marketing of pigs, a problem experienced equally in Trinidad.

The Assembly's efforts have been directed principally to the provision of processing and cold storage

facilities, and the improvement of abattoir facilities.

Towards the end of 1984 funds were released for purchasing of pigs and the situation has been substantially relieved.

(v) Fish: A project involving the processing of shark under the auspices of the United Nations Development Programme has been integrated with a flying fish project.

This venture has been an outstanding success.

Apart from flying fish and shark, the project has also demonstrated that the processing of bonito, king fish, and grouper can be done in commercial quantities.

The project has provided a ready and reliable market for the produce of many fishermen.

With the limited facilities available to the Assembly a total of just under 10,000 kilos of processed fish has been marketed since the inception of the pilot project on April 11, 1984.

## **5. THE SCHOOL NUTRITION PROGRAMME:**

In discharge of its statutory responsibility the Assembly has commended the School Nutrition Programme in Tobago with the assistance of the School Nutrition Company under a consultancy agreement.

The Assembly's conception of the programme has always emphasised linkages with agriculture and agricultural marketing with a view to stimulating agricultural development and minimising food imports.

The programme is being steadily geared towards that end. Discussions have been held with farmers concerning the requirements of the programme and the marketing division of the Assembly has been appointed a purchasing agent to the programme.

So far three centres have been

built and equipped at Bon Accord, Mason Hall and Charlotteville respectively.

The Bon Accord and Mason Hall Centres cater for a production of 1,800 daily while the Charlotteville centre caters for six hundred meals per day.

Schools participating in the programme are the following:

Bon Accord Government; Plymouth A.C.; St Patrick's A.C.; Bethesda A.C.; Buccoo Government; Black Rock Government; Whim A.C.; Mt. Gomery Government; Lambeau A.C.; Signal Hill Government; Patience Hill Government; Scarborough R.C. Senior; Scarborough R.C. Junior; Scarborough Methodist; Mason Hall Government; Moriah Government; des Vignes Road; Parlatuvier A.C.; Golden Lane Government; Les Coteaux R.C.; Franklyn Methodist; L'Anse Fourmi Methodist; Bloody Bay A.C.; Castara Government; Scarborough A.C. Junior; Scarborough A.C. Senior; Hope A.C.; Mt. St. George Methodist; Goodwood Methodist; Pembroke A.C.; Belle Garden A.C.; Charlotteville Methodist; Charlotteville S.D.A.; Speyside A.C.; Delaford R.C.; Delaford A.C.; Ebenezer Methodist and Roxborough R.C.

The programme has been highly commended by pupils, teachers and parents alike. Parents who initially had reservations have since enthusiastically accepted the programme.

#### 6. TOURISM DEVELOPMENT:

As provided for in the Tobago Development Plan, a roundtable conference on tourism was held on the subject "A Policy for Developing Tourism in Tobago."

The report of the conference has since been published and includes the conference recommendations under several heads as follows:

- (i) Identification of current problems;
- (ii) consideration of constraints to future development;
- (iii) promoting linkages with other sectors;
- (iv) identification of technical assistance requirements;
- (v) educational programme for tourism development in Tobago;
- (vi) promoting Tobago as a tourist destination; and
- (vii) Buccoo Reef, past, present, future.

A Standing Committee on Tourism has been appointed to monitor the implementation of the Tourism Development Programme. The conference unanimously accepted the following resolution: Resolved that

this Conference:

Recognising the need for the development of the non-oil sectors of the economy to provide foreign exchange and employment declining incomes from the petroleum sector.

Cognisant of the advantages and disadvantages that can ensue from expanding the tourism development,

fully aware of the experience gained in other parts of the world in the area of tourism development,

considering the considerable natural attractions of Tobago and the particular advantages of Tobago in the twin Island Republic of Trinidad and Tobago and the possibilities for the development of a unique form of tourism suited to the island's environment and consistent with the aspirations of the people of Tobago and of the nation as a whole.

1. Fully endorse a programme for the development of tourism in Tobago along the lines of the recommendations of the workshops of this conference;

2. recommend that the steering committee of the conference be appointed a Standing Committee on Tourism to monitor tourism development in Tobago and report to the House of Assembly; and,

3. strongly support the provision of airport facilities at international level at Crown Point Airport and deep water facilities at Scarborough Port as essential for the future development of Tobago in all sectors including agriculture, tourism, processing, construction, handicraft and cottage industries as well as other forms of income and employment generating activities on the island.

#### PROJECTS:

Work has proceeded on several historical sites and places of natural beauty, for example:

- (i) Fort King George: Preservation of military grave-yard, and military hospital, old officers' mess and upkeep of grounds;
- (ii) Pigeon Point: Provision of jetty for cruise liners;
- (iii) Flag Staff Hill: Improvement of access roads and landscaping of site; and,
- (iv) Fort Granby: Identification and demarcation.

#### 7. IMPROVEMENT OF SPORTING FACILITIES:

With little additional resources, sport has undergone dramatic improvement in Tobago directly as a result of the full backing by the Assembly of Tobago's sportsmen and sportswomen.

Meetings held between the Tobago Football League and the Trinidad Football Association under

the guidance of the Chairman of the Assembly resulted in accord on the relationship between the two bodies and paved the way for the first triangular tournament to be held in Tobago between Tobago, Barbados and St. Vincent and the CONCACAF Youth Series with the prospect of more such tournaments in the future.

A friendly fixture between Tobago and Trinidad has been instituted.

Cricket has also been played at international level with the visit of a Nigerian team, the Hyderabad team of India, a match between Trinidad, Tobago and Jamaica, a West Indian team against the rest of the world and culminating in the historic appearance of the triumphant West Indies Test Team led by Captain Clive Lloyd for a limited overs game on Friday October 5, 1984.

The team received a red carpet reception from the Assembly and each member was given a plaque to commemorate the occasion.

In addition a large plaque was

unveiled at Fairfield Complex by Larry Gomes in the presence of other members of the team and hundreds of spectators, including schoolchildren, who were seeing their heroes for the first time.

The day was an outstanding success marked by exhilarating displays of cricket at Shaw Park. As the Chairman of the Assembly remarked, for many Tobagonians it was a childhood dream come true.

#### UPGRADING OF SHAW PARK:

The key to the dramatic rise in the quality of sports has been the upgrading of the facilities at Shaw Park. This has included:

(i) Re-surfacing, grassing and fencing of playing field;

(ii) laying of a new turf pitch;

(iii) reconstruction of players' and spectators' pavilion;

(iv) addition of uncovered seating; and,

(v) provision of uncovered stands.

In addition, basketball and tennis courts have been paved and flood-lighting provided.

[24 Oct 84 pp 8, 14, 15]

[Text] Village Grounds:

Apart from Shaw Park, work has proceeded on the improvement of the following village recreation grounds:

Hope; Richmond; Louis D'or; Charlotteville; Les Coteaux; Bon Accord; Mt. Pleasant; Goodwood and Mt. St. George.

The following new grounds have been constructed: Speyside and Bethel.

While a facility at Roxborough is under construction.

Hard court facilities have either been constructed or are under construction at Charlotteville, Louis d'Or [sic], Hope, Plymouth, Bethel and Canaan/Bon Accord.

#### Cultural Facilities at Shaw Park:

The need to upgrade the playing field at Shaw Park necessitated relocation of Carnival celebrations. A cultural facility was therefore constructed in record time at the Northern end of Shaw Park and fenced complete with stage, offices, change rooms, refreshment bars, pavilion and bleachers.

#### Assistance to Sporting and Cultural Bodies:

With the sporting and cultural facilities and funds available for the purpose, the Assembly has embarked on an extensive programme of assistance to sporting and cultural organisations in Tobago.



Carnival, in particular, has been socialised thus eliminating the scandalous situation where previously a few individuals (including public servants) earned hundreds of thousands of dollars out of the Carnival celebrations.

Proceeds from Carnival shows and bars amounting to many thousands of dollars are now distributed to sporting, cultural and other voluntary organisations.

Such organisations are also given opportunities to earn income from the use of the facilities.

The Tobago House of Assembly has demonstrated that, with appropriate (though not expensive) facilities and (intelligently organised) sport can be a major industry in Trinidad and Tobago.

#### Education and Culture:

The Assembly has carried out field research and has drawn plans and designs for the setting up of:

- (i) a Technical Institute; and,
- (ii) an Institute of Advanced Studies.

A site on the Old Government Farm at Signal Hill for these educational institutions has been selected and notified to the Government.

The Institute of Advanced Studies has been designed to meet the needs of students who cannot afford full-time attendance at a University.

It is planned along the lines of the internationally known University Without Walls. The Tobago project was designed with the assistance of Professor Sherman Beverly of North-Eastern University, Chicago.

The Assembly has also recognised the urgent need for a Technical Institute in Tobago as proposed in the Ten-Year Development Plan.

Attending technical institute in Port-of-Spain, San Fernando or Point Fortin is impossible for students in Tobago.

Moreover, there are no Industrial establishments as in Trinidad which offer apprenticeship or other on-the-job technical training.

**TOBAGO STUDENTS:** The Government Technical Educational Programme in Tobago has proved unworkable and inadequate. Instructors have been for several years dissatisfied with their treatment by the National Training Board and have refused to work under existing conditions.

#### **CULTURE AND THE CULTURAL HERITAGE:**

A highly successful conference on Culture and the Cultural Heritage was held at the Bluehaven and Mount Irvine Bay Hotels.

Much valuable research material was contained in the many conference papers which will now be used as a basis for education programme.

In addition, literature on Tobago so badly lacking can now be produced on a systematic basis.

The economic aspect of culture which has been previously neglected will now be emphasised particularly with an eye to the proposed expansion of the tourism industry.

#### **HANDICRAFT INDUSTRY DEVELOPMENT:**

Extensive research has been carried out by the Assembly on the resources required to establish a viable Handicraft industrial project in Tobago.



Agencies such as CARIRI, I.D.C. and F.D.C. have shown an interest in the project. The Assembly is working through its Planning Division with the I.D.C. and CARIRI on these projects.

#### **POTTERY/CERAMICS PROJECT:**

With the assistance of a well-known expert in the field, the Assembly has undertaken studies and experimentation on the resource potential and feasibility of a Pottery Ceramics Project in Tobago. Work is proceeding on the project which has shown much promise.

#### **MELBOURNE GUNN ART GALLERY AND STUDIO:**

As part of its programme of the restoration of Fort King George, the Assembly has taken steps to preserve the military cemetery and the military hospital and has repaired the Officers' Mess and designated it for use as the Melbourne Gunn Art Gallery and Studio where classes in art have been carried on by the Art Committee of Tobago, a new art group with the teaching of art as one of its functions.

Two successful art exhibitions were held at the Melbourne Gunn Art Gallery named after a young Tobagonian artist who has made a mark on the international scene.

Visitors to these exhibitions were enthusiastic and highly commendatory in their comments both on the exhibits and on the site chosen for the exhibitions.

The Assembly has on the whole breathed new life, significance and vision into culture and cultural awareness in Tobago and has elevated the subject above the level of monotonous Better Village performances and cheap entertainment for the hotel industry where the Assembly found it.

#### **9. SOCIAL WELFARE AND COMMUNITY SERVICES:**

Services administered by the Assembly relating to Social Welfare and Community Development include the following:

Old age pensions; public assistance; housing assistance; burial assistance; education assistance; adoption; heart and hand assistance; and public cemeteries.

#### **10. CONSERVATION OF THE ENVIRONMENT:**

Tobago is endowed with an environment that is among the most attractive in the world.

P.N.M. neglect and indifference have led over the years to the steady deterioration of the unique environment. Under the P.N.M. there has been:

(i) growing pollution of beaches; (ii) increased spoilation of Buccoo Reef; (iii) steady destruction of beaches through beach-sand mining;)

(iv) increased pollution of river beds; and

(iv) steady deterioration of Tobago's historic Botanic Gardens.

The Assembly has restored the Botanic Gardens which together with Fort King George form the main attractions of the Town of Scarborough.

Steps have been taken to reduce destruction of beaches through beach-sand mining.

This problem, however, requires more effective legislation, a matter for the Central Government.

Also requiring more effective legislation and law enforcement are matters such as the pollution of beaches and of river-beds.

#### **CONFERENCE ON THE ENVIRONMENT:**

A major step has been taken by the Assembly towards sensitising the public and decision-makers to the need for environmental conservation with the holding of a Conference on the environment with the theme — "Beautiful Tobago — Our Environmental Heritage."

The conference was attended by and received papers from officials of the following organisations:

(i) the Institute of Marine Affairs;

(ii) Solid Waste Management Company;

(iii) Environmental Crusoe Club;

(iv) Agriculture, Forestry and Fisheries Division of the Tobago House of Assembly;

(v) Chaguanas Development Authority;

(vi) Geological Laboratory, Institute of Marine Affairs;

(vii) Pan American Hotel Organisation; and

(viii) Forestry Division, Ministry of Agriculture.

Apart from the presentation of excellent papers and the stimulating discussions which followed, the conference adopted the conclusions of its working committees comprising many practical and valuable recommendations.

Two thousand copies of the conference report and its recommendations have now been published in a most attractive form and will be circulated to decision-makers, schools, service clubs and other voluntary organisations as well as hotels, guest houses and the Tourist Board.

Arising from the recommendations of the Conference a Standing Committee on the Environment has now been set up to monitor and advise on developments which might impact upon the environment.

Among the many recommendations of the conference were the following:

(i) That a Data Bank for all reserve data, information publication and expertise on matters relating

to Tobago be established. Work has already started on the establishment of the Data Bank;

(ii) Emphasis should be placed on community involvement and more effective utilisation of the media in public education.

The first steps have already been taken towards this end by the holding of the conference and the release of the printed report;

(iii) legislation dealing with the environment should be collated, reviewed and recommendations made for increased effectiveness.

A legal sub-committee of the

Standing Committee on the environment has commenced work on this subject; and

(iv) Other specific recommendations concerning Buccoo Reef and other reefs around the island, mangrove areas, etc. are being pursued by the Assembly.

In general there has already been marked improvement in the Tobago environment obvious to every visitor to the island within recent times.

Scarborough, traditionally the shanty town of the West Indies, is beginning to take on a new appearance.

The annual flooding of Lower Scarborough for over 20 years has now ceased with the reconstruction by the Assembly of Wilson Road, the replacement of the temporary elections bridge built by the P.N.M. for the 1976 General Elections, and the raising of the level of Milford Road Junction.

Potholes have been filled and roads resurfaced throughout the town. Everywhere there are road signs and directional signs and markers.

Robinson Street extension has brought about relief to hundreds of school children and to motor traffic congestion at Bacolet and Main Street Junction.

These developments, together with the refurbishing of the beautiful Botanic Gardens and restorative measures at Fort King George, are paving the way for transforming

Scarborough from the Caribbean Shanty Town to one worthy of historic and scenic Tobago.

#### 10. YOUTH OPPORTUNITIES:

The greatest damage done to Tobago has been the callous neglect of Tobago's youth which the P.N.M. has persistently denied opportunities for self-expression and self-fulfilment in Tobago on the ground that they could have these by migrating to Trinidad.

Thus the House of Assembly came into being at a time of high unemployment among our young people, growing drug addiction, absence of recreational facilities, no opportunities for technical and higher education or artistic and cultural development.

The stage was set for the de-population of Tobago at a time of peak prosperity for the nation as a whole as a result of the oil boom.

#### DRAMATIC INCREASE

The House of Assembly immediately embarked on a rapidly expanded programme of development resulting in considerable increased job opportunities for the island's young people as well as the design of educational programmes and projects for agro-industrial development.

Apparently alarmed by the speed with which the Assembly was progressing and fearing that it would too dramatically expose the incompetence of the P.N.M. in Trinidad, the Chambers's Government changed course through Minister Jacelon and began to put numerous obstacles in the way of the Assembly's efforts at development.

Nevertheless, by the dramatic increase in job opportunities, by the sponsorship by the Assembly of sport at national and international levels, by the

promotion of artistic endeavour and by developing in the youth a sense of self-worth and pride, the tide of deterioration was arrested.

However, the recent predicted downturn in economy and the consequent financial problems once more pose the grim threats of unemployment and despondency among the youth.

Continuing implementation of the Ten-Year Development Plan has become an even more urgent necessity.

#### HEALTH:

Prompt, resolute and sustained action by the Assembly has so far saved Tobago from spread of the *Aedes Aegypti* mosquito, dengue fever and even a possible outbreak of typhoid.

Special steps have been instituted with the assistance of the Insect Vector Control Division of the Ministry of Health to guard against the threat to Tobago and keep the island free of this dangerous mosquito and other parasites.

These measures have had to be further intensified with the sudden and steep increase in the influx to Tobago at election time.

Every vehicle conveyed by boat and every plane on its first flight every day has to be thoroughly sprayed to eliminate the possibility of contamination through points of entry on the island.

#### 12. ORGANISATION AND STRUCTURE:

The services and functions of the Assembly have been organised into 16 divisions following the Scheme of Act 37 of 1980 as follows:

- (i) General Administration;
- (ii) Secretariat and Legal;
- (iii) Finance;
- (iv) Planning, Programming and Development.

(v) Agriculture, Forestry and Fisheries;

(vi) Industrial Development and Commerce (including Co-operatives);

(vii) Tourism Development;

(viii) Works

(ix) Education and Community Development;

(x) Physical Education and Sports;

(xi) Culture;

(xii) Community Services;

(xiii) Marketing and Supplies;

(xiv) Probation Services;

(xv) School Nutrition Programme; and

(xvi) Health and Environment.

It should be emphasised, however, that contrary to the Act, the Central Government continues to administer the following departments to the exclusion of the Assembly:

(i) Finance: e.g. Inland Revenue — Customs Departments;

(ii) Health Institutions: Hospital, Health Centres and other health facilities;

(iii) Industrial Development; and

(iv) Education — Schools.

#### WRONGFULLY

These services have been wrongfully retained under the Central Administrative Services, Tobago.

An important and highly successful innovation has been the allocation of responsibilities to individual members of the Assembly designated as "Secretaries."

They have set an outstanding example of self-sacrificial devotion to the public welfare.

#### 13. FRAMEWORK FOR INTELLIGENT DIALOGUE:

By the introduction of the Ten-Year Tobago Development Plan and through technical papers prepared by the Planning Division of the Assembly and presented to the Minis-

try of Finance and the National Economic Planning Commission, the Assembly has confronted the Government with crucial questions and proposals, and has laid the framework for intelligent dialogue on the relationship between the two islands that constitute the Republic of Trinidad and Tobago.

The nature of the political structures appropriate to a union of large and small communities is an issue which has become of major significance in the world today.

Failure to address the issue with sufficient appreciation of the realities led to the break-up of the West Indian Federation.

The issue has since been addressed in diverse ways and with varying degrees of success in many countries of the world as, for example, the Dutch territories in the Caribbean, (Curacao, Aruba, St. Maarten), St. Kitts-Nevis, Antigua-Barbuda, Polynesia in the Pacific, Melanesia, Papua New Guinea, the New Hebrides, the Solomon Islands, Cook Islands and New Zealand, Sri Lanka, Zambia the Sudan, the Philippines, Denmark and Greenland, Tanzania and Zanzibar, Italy and Sicily and the United Kingdom for example, while, recently, there has emerged the very significant issue of the future relationship between China and Hong Kong.

#### ASPIRATIONS

All of these examples demonstrate a growing awareness that flexibility and creativity in political systems and institutions and not mindless imposition is the only viable alternative to political disunity and fragmentation.

The insistent demands of relatively small communities for self-realisation have found increasing recognition in the re-

examination of classic notions of the state structure itself and the evolution of institutions which permit a greater degree of participation by segments in the political life of the whole.

Thus, there has been increasing concentration on such concepts as decentralisation, devolution, autonomy and participatory democracy.

The tendency to dismiss the aspirations of small communities as irksome or inconsequential has given way to greater sensitivity and willingness to adapt existing institutions or to devise new ones to express in a civilised manner the diverse aspirations of geographically distinct or multi-cultural communities.

While the rest of the world recognises the intellectual challenge posed by the need to hold together disparate communities in one policy, we in Trinidad and Tobago have been unable to evoke any intelligent response on the issue from the Prime Minister of the nation.

All we have had so far is meaningless chatter about the "hand of friendship" which some have thought fit to describe as a "finny hand" and others as the "hand of hypocrisy."

[Text]

We have, for example, asked the Prime Minister and Minister of Finance on what basis are development funds allocated to Tobago.

On what basis did Tobago in the past receive only two per cent of the funds allocated for capital investment, while private investment was virtually nil? The answer cannot be on the basis of the hand of friendship.

On what basis was Iscote built and managed? Or the notorious racing complex conceived? Or the equally notorious mv. Tobago bought? Was it the "hand of friendship?"

We have observed over the years Tobago's vicious cycle of underdevelopment reinforced by a disproportionately low level of public investment and the almost complete absence of private investment and gross inadequacy of the infrastructure.

We have sought to place the relationship between Tobago and Trinidad and the development of the nation as a whole within the framework of planned development.

I have myself, when required to do so, made my services available to the much heralded and now defunct National Economic Planning Commission. What has all this got to do with friendship?

#### COROLLARY

Some supervisors in the Government DEWD programmes believe that the right of the young woman to work is only the corollary of the supervisors' right to friendship. The Prime Minister sets the worst possible example.

I publicly draw his attention and the attention of all his Ministers whom he allegedly controls, to the oath of office they have taken under our Republican Constitution.

Contained in the First Schedule to the constitution this oath of office reads:

"I swear by Almighty God that I will bear true faith and allegiance to Trinidad and Tobago and will uphold the Constitution and the law, that I will conscientiously, impartially and to the best of my ability discharge my duties and do right to all manner of people without fear or favour, affection or ill-will." I repeat:

Conscientiously, impartially and to the best of my ability discharge my duties and do right to all manner of people without fear or favour, affection or ill-will.

Now the dictionary meaning of friendship is intimacy, favour or personal kindness.

So the Prime Minister's oath of office forbids him to bring into the discharge of his public duties such subjective considerations as friendship, intimacy, affection or ill-will.

When the Prime Minister therefore talks about friendship with the Tobago House of Assembly as a condition of the performance of his duties he is not only violating his own oath of office, but is seeking to induce members of the Tobago House of Assembly to violate theirs as well.

#### SCATTERED

Members of the Assembly have taken an oath "conscientiously and impartially to discharge the duties" of their office.

Public office constitutes a solemn trust which must be discharged without regard to purely personal and subjective considerations.

Our nation cannot be built on personal pique or by the undermining of the democratic process or by the subversion of our democratic institutions.

Elevated standards cannot be achieved when the chief executive of the nation sets his own low standard of constitutional violation, plain bad manners and pettiness.

The Caribbean situation cries out for statesmanship. Never have we been in such need of leaders who can rise above the temptations of power and set inspiring examples to our Caribbean people.

We are relatively few in numbers, small in size and geographically scattered but we in the Caribbean are rich in our human endowment. We have the capacity to be great.

Never have I had more confidence in our Caribbean people. The folly and the selfishness among our politicians are unbelievable.

# SUGAR WORKERS UNION HOLDS 47TH ANNUAL CONFERENCE

## Support for Panday

Port-of-Spain SUNDAY EXPRESS in English 21 Oct 84 p 3

[Article by Harry Partap]

[Text]

**OPPOSITION** leader Basdeo Panday yesterday offered his resignation as President General of the All Trinidad Sugar and General Workers Trade Union but withdrew it following an overwhelming vote of confidence in his leadership, by delegates attending the union's 47th annual conference.

Panday's reaction came in the midst of a boisterous demonstration outside the Rienzi Complex in Couva where the conference was held.

The demonstration, led by dismissed industrial relations officer Dave Persad, attracted about 150 placard-bearing protesters.

The protesters unsettled the delegates and guests as they kept up a continuous barrage of invectives, catcalls and boos while the conference was in session.

At times, the noise from the demonstration overwhelmed the conference hall. On two occasions Persad worked his way into the hall and made accusations against the leadership.

He was later escorted from the hall by a squad

of policemen who stood guard at the conference door. The protesters carried placards calling on Panday to resign.

A touching scene followed Panday's announcement that he would resign if he did not have the trust, confidence and loyalty of the sugar workers. The delegates crowded the stage while others stood beseeching Panday to reconsider.

Panday insisted that he would give up the chair but the 100 delegates present passed a unanimous motion, expressing confidence in the leadership of Panday as well as the union's executive.

Based on the unanimous show of support, Panday agreed to continue in office. This is the second time that Panday has threatened to resign as president general of the union.

Shortly after the 1980 local government elections in which the ULF had been beaten by the PNM, Panday offered to resign. But he later reconsidered his decision.

In tendering his resignation yesterday, Panday said: "When on May 6, 1973 I became President General of the

union, I made a solemn promise to myself. I resolved I shall never hold on to office to the extent that the workers will have to use violence to remove me."

Panday added: "I resolved then that as soon as I sensed that I no longer enjoy your confidence and support you will not have to agitate and struggle to get rid of me. I will resign from office."

Panday said that recent events made it necessary for him to now reconsider his position in the union. He said according to the present rules of the union his office will not become vacant until 1986, but he considered it immoral to continue in office if he did not enjoy the confidence of his workers.

Panday said: "I offer you my resignation as president general. It is with the greatest humility that I do so now. You will have to decide whether you will fight for your union or whether you will allow a mob to rule the union." This was greeted by shouts of, "No, no, no."

As delegates rushed

onto the stage to demand that he withdraw his resignation, Panday was heard to remark, "You will have to fight for your union. You must fight for your union ... without your confidence and trust I cannot continue ... I just can't continue."

One delegate, George Hamlet, rushed up to Panday and physically forced him to sit again on the president general's chair.

In a lengthy address to the conference later, Panday said: "It is only those who are in fear of losing their position that will argue against democracy. I have no such fear."

"I serve this union not out of any desire for office, for power or gain. I do so solely because I believe it is my duty to do so."

Panday said there was an element now conspiring against the leadership of the union but there was no need for him to fear the results of democracy.

He said other President Generals had left in disgust but he was a different kind of President General who would stand up and fight for the cause of the union.

Panday said: "Over



and over again I have made it clear that I shall continue to lead this union so long as I enjoy the confidence and support of the vast majority of the members.

"And as long as I continue to enjoy that support, I assure you, I shall not allow the machinations of a small violent minority to cause me to abandon the majority.

"I am not about to throw away all we have built to some very ambitious lunatics of the ultra left."

### Panday on Union Role

Port-of-Spain EXPRESS in English 22 Oct 84 p 48

[Text] Opposition leader Basdeo Panday warned sugar workers that strike action was not a viable weapon in the hands of workers in any single industry in the period of recession except it was a general strike involving all workers in all industries.

Panday made the point during an address to the 47th annual Conference of Delegates of the All Trinidad Sugar and General Workers Trade Union held at the Rienzi Complex in Couva on Saturday. Said Panday: "The only kind of strike that would produce results in such circumstances is a general strike."

Panday added: "It becomes imperative, therefore, that the unions must experiment and search for new weapons to advance the cause of workers. Strike action by individual unions are not likely to produce the desired results for the workers. Action has got to be concerted."

Panday said that the concerted action pre-supposes the unity of the labour movement on the whole. Said he: "It is rather strange that all trade unionists seem to agree that unity of the labour movement is essential, yet that unity continues to elude us. It may be that having regard to the level of our consciousness the objective situation is not yet ripe for labour unity. If that is so, we had better realise that such consciousness will not come by itself. We have got to face facts fairly and squarely no matter how much it hurts."

Panday lashed out at trade union leaders who were "fanatically and blindly tied to the apron strings of the ruling party." Said he: "So strong and blind is their party loyalty that even when they recognise that the government is responsible for the problem facing the workers, they turn their faces the other way to try to find other reasons for the workers' plight."

The union leader, now being challenged by growing discontent among the membership, told the conference: "The lack of understanding, or rather the

refusal to accept that the government is politically responsible for the state of the economy, is probably the greatest single factor militating against labour unity." Said he: "How else do you explain the phenomenon of some trade unions cussing out the government for five years and then voting them back into office election after election?"

Panday, fighting the issue of ideology as another reason for the slow march to labour unity, said that some union leaders adopted a "hard and fast line" to preserve what they called ideological purity while workers were placed on the bread line by the thousands. He added: "Many use the jargon of ideology merely to cover up more sinister Fascist tendencies."

Petty jealousies, spite, childish vindictiveness and mud-flinging had been identified as yet another reason for the absence of labour unity in the country. Panday said: "It is difficult to understand how the leadership of some trade unions can believe that unity of the labour movement will come about in the attack, abuse and villification of leaders of other trade unions."

Against this complicated background, said Panday, labour unity will not be a reality in the near future. He called for open dialogue and supported a suggestion by the Labour Congress for a meeting of the general council of all labour unions in Trinidad at the Convention Centre to discuss labour unity.

CSO: 3298/146

PAPER URGES GOVERNMENT ACTION TO ATTRACT INVESTORS

Grand Turk TURKS & CAICOS NEWS in English 18 Oct 84 p 4

[Editorial: "Are We Ready for Development?"]

[Text]

**IF THE** present atmosphere prevailing in the Cayman Islands is an indication that they have reached their zenith as far as development is concerned, then the Turks and Caicos could be well positioned to become the next Boomtown in the Caribbean.

Recently we chatted with a Caymanian businessman at Miami Airport who told us he was winding down his entire operations in the Cayman Islands because he felt the situation there was becoming a bit uncertain. "Cayman is just not what it used to be," he sighed, "there are too many red tapes and restrictions for outsiders who want to do business there. The island is run by a small, powerful group of men who can make it impossible for you to operate if they don't like you."

This gentleman, who has been involved in real estate and management in Cayman since the sixties, said he had sold out all of his interests in the islands and was looking at prospects in the Turks and Caicos. He told us that eighty to one hundred companies a day are leaving Cayman for places like Panama, and many people are interested in the Turks and Caicos.

In the late 1960s, when the Bahamas was preparing for independence and an atmosphere of uncertainty drove millions of dollars from its shores, the Cayman Islands were smart enough to create the "right" atmosphere in their islands to attract these millions and raise their country from a fishing village to a bustling financial centre almost overnight.

The Turks and Caicos, had they been ready then, could also have benefitted from the massive loss to the Bahamas. But the leaders of the country lacked the foresight at that time. The big question is, are we ready now?

Sometimes we are tempted to feel that some of our leaders really don't want any major development here. We listen to their talk from time to time, and better yet we study their actions. We are not thoroughly convinced that all those in the leadership of this country are in favour of it developing.

Either this is the case, or some of them have the mistaken idea that investors are all going to run to the Turks and Caicos simply because it is here. Some investors will discover us on their own, but there are many who need to be made aware of our islands and of the potential it offers to those who want to invest here. This may necessitate an active campaign by the Ministry of Commerce and Development to familiarise people with what we offer and to encourage them to bring their investments to our shores.

What happened in the Bahamas in the 50s and 60s didn't happen by chance. The government of that country went out and made it happen. What happened in the Cayman Islands in the 70s didn't happen by chance, either. Their government made it happen. And if anything is going to happen in the Turks and Caicos Islands, it will not happen by chance. Our leaders will have to get up off their can and make it happen.

## ECONOMIC PLAN SEEN PREDESTINED TO FAIL

Montevideo EL PAIS in Spanish 20 Oct 84 p 7

[Text] At the end of last week (Saturday, 13 October), this newspaper published the short-term program that the economists of the political parties participating in the so-called "agreement" had drawn up based on prevailing ideas although there would be a subsequent revision by the management and labor groups represented. The document would eventually be considered by the political groups that will participate in the national elections next month. Consequently, it seems to be the first draft for a joint government plan based on very general objectives to be pursued through equally vague guidelines. It would be implemented by the winning party in these elections.

Under those conditions, it is hard to make a thorough evaluation of the true scope of the economic policy to be undertaken. Rather, it can be interpreted as the result of a proposal to give a certain dose of tranquillity to the national and foreign public (as was done with the statement from the presidential candidates about respect for public securities and bank deposits in foreign currency). The advent of the new institutional and democratic government will not mean major changes in the traditional economic structures of Uruguay. In order to give that impression, they have avoided those radical points included in partisan platforms and electoral propaganda that arouse disagreements and cause justified alarm in the majority of the national citizens.

It would not be appropriate, then, to pay much attention to the published proposal since, due to these mentioned limitations, it only shows the landmark signs on the road very superficially and imprecisely. It specifies that there was an agreement not to go beyond certain preliminary agreements in the establishment of objectives (productive revitalization and expansion of employment) and modalities to approach them. The instrumental guidelines provided are also very general and, consequently, susceptible to being handled differently and even in opposing ways.

Such a lack of definition does not prevent noting that the program does not mention essential concepts for a well-oriented economic policy like "market," "opening," "productivity," "optimal allocation of resources," etc. The complete absence of these terms, so indissolubly tied to the good start-up of an economy, contradicts the inspiration of the plan published. If this were not enough to cause reservations, the detailed points do not permit the assumption that there is any redoubt so that the economy can function within a framework of freedom and decisions can escape the orbit of tight bureaucratic control.

Consequently, everything indicates that what is being proposed is a return to the arbitrary and discretionary control of the economy based on specific government measures in all sectors at the discretion of the officials. There is nothing of freedom, nothing of market, nothing of opening. In a word, it proposes a "directed economy." The rates of exchange, merchandise quotas, individual import quotas, access to the exchange market, the establishment of interest rates, the activities worthy of receiving credit, decisions on savings and investment, the attraction of deposits, motivations and permissible levels of indebtedness--all this and much more--will be determined by the government and its agents. Nothing is said in the document about private initiative and free enterprise. The cited return to democracy is demonstrated as a return by the country to a "prison economy" and feudal paternalism. Protectionism will be predictably reinforced and bilateral agreements will replace multilateral trade. "Buying from whoever buys from us" with all the price increases and corruptive abuses that entails will replace "buying products of good quality where they are cheapest." The word "competition" (domestic or foreign) does not figure in the vocabulary of the promoters. They try to ignore the fact that political freedom cannot survive without economic freedoms.

With these prospects, little good can be expected from the progress of this plan issued from combined opinions within the "agreement." The climate reigning there with the many undefined matters and the rigid predomination of group and union objectives where known antidemocratic politicians have infiltrated should arouse some apprehension in the political parties whose control is fading. It threatens to transform the next government into the mere executor of sectorial decisions instead of being the protector of the general interests of the community. It is already known where the idea of institutionalizing and making that mechanism permanent comes from. The spectacle of the wage policy demonstrates the methods of force that are used and the excessive taxes attempted. Their achievement would mean getting rid of occupational preferences and the economic recovery pursued which requires a certain climate of stability to lower inflation in order to be carried out.

Therefore, it is not feasible to view the possible developments of this planned program optimistically. To a large extent, it is similar to the unsuccessful policy of the Alfonsin government in the neighboring country which now borders on hyperinflation. Apart from its bad orientation, there are also contradictions like improvement of the exchange rate to encourage exports and improvement of the real wage for the labor and pensioned sectors. A drop in inflation is advocated at the same time as revitalizing expansion. All those things cannot be done at the same time. The question is priority and the waiting that those who do not have priority will have to tolerate. That is the crux of the matter. The truth is that this document contributes very little to define that essential aspect.

7717  
CSO: 3348/77



## POPULATION ALTERING HABITS TO COPE WITH SOCIOECONOMIC CRISIS

Montevideo EL PAIS in Spanish 21 Oct 84 p 13

[Text] About 49 percent of the Uruguayans who do not have cars are walking more and using mass transportation less, certainly not for health reasons.

People with cars are using their private vehicles 76 percent less than last year as a result of the increase in the price of fuels.

The people are also doing other things to save gas. About 20 percent of the vehicle owners never use them and 12 percent only use them for necessities. Only 12 percent of the population with cars continues to just drive around.

These and other very interesting data on the behavior of the Uruguayans in these times of crisis and its unquestionable effect on consumption stem from the second edition of "Listening Post," a serious statistical work drawn up especially for Funtó Publicidad, an associate of Ogilvy & Mather Internacional.

"Listening Post" is an extra service that this national public relations enterprise puts out bimonthly for clients, friends, news media and executives in general on the socioeconomic situation of consumers.

The appearance of the first edition 2 months ago already had an impact on the buying habits of the average Uruguayan. The second edition in September also goes into such important topics as the consumption of sweets, household measures to defend the family budget, changes in popular consumption from clothing to transportation and the fluctuations in cash or credit purchases.

As in the first edition, "Listening II" contains very complete illustrative graphs and a detailed explanation of the procedure used to collect the statistical data.

### Measures to Defend Family Budget

It is obvious that families are affected and are trying to do something to "defend their budget." The chart shows the measures that are being applied most at this time.

"Measures are being taken in some homes to defend the family budget. I am going to mention some possible measures and I want you to tell me if they are being practiced in this household or not. Think hard."

<u>Measures Taken</u>	<u>Yes</u>	<u>No</u>	<u>Don't Know</u>	<u>Total</u>
Think twice before buying something	95	5	--	100
Look at prices, compare before buying	94	6	--	100
Buy as little as possible, just the necessities	94	6	--	100
Buy less of products that keep	88	12	--	100
Compare weight, price of similar products	86	14	--	100
Lean toward products in supply	85	14	1	100
Try to go to the supermarket less often	82	18	--	100

#### Change in Popular Consumption

It continued with research on the psychological effect of the socioeconomic situation, comparing the use and utilization of some services and consumption with those of a year ago.

"In some homes, they tell us that their consumption of some things has changed. We will mention some and you tell us if consumption in this household is greater, the same or lower than a year ago (12 months ago)."

<u>Consumption of</u>	<u>More</u>	<u>Same</u>	<u>Less</u>	<u>Don't Use</u>	<u>Don't Know</u>	<u>Total</u>
Clothing	1	9	89	1	--	100
Perfume	--	7	56	37	--	100
Bus	4	42	51	3	--	100
Beauty Shop	--	11	37	52	--	100
Cosmetics	--	11	34	54	1	100
Taxi	2	4	31	63	--	100
Trips on Foot	49	47	2	--	2	100

In some categories like clothing, lower consumption is very obvious. In others, the nonuse or lower consumption is seen very clearly: perfume, beauty shop, cosmetics, taxis. Bus use showed a downward trend. As a result of the lower use of taxis and buses, trips on foot increased considerably.

About 75 percent of the owners of cars are using their vehicles less than last year.

"Does your household have a car?"

<u>Answer</u>	<u>Percentage</u>
Have	25
Don't have	74
Did not answer	1

"Do you use the car less, the same or more than you used it a year ago?"

<u>Answer</u>	<u>Percentage</u>
Less	76
Same	20
More	4

When they were asked whether they were taking measures to reduce gas consumption, only 12 percent of the vehicle owners said they were not doing anything. The remaining 88 percent specified a reduced use of their car.

"Are you doing anything to save gas? What?"

<u>Answer</u>	<u>Percentage</u>
Use it less	44
Hardly ever use it	20
Only for necessities	12
Only on weekends	4
Less to work	4
Drive around less	4
Only to work	4
Other	8
Not doing anything	12

#### Cash or Credit Purchases

For every two people who consider it better to make cash purchases, only one prefers the use of credit.

"Now, changing the subject, do you think that it is better now to buy with credit or cash?"

<u>Answer</u>	<u>Percentage</u>
Credit	33
Cash	64
Don't know	3

7717

CSO: 3348/77

## REAL WAGES DROP, JOBLESS RATE UP 14.66 PERCENT

Montevideo EL PAIS in Spanish 24 Oct 84 p 8

[Text] The real wage dropped 14.66 percent throughout the country from January to August 1984 while unemployment grew for the third consecutive moving quarter to 14.66 percent in the period June-August, according to the figures in the latest BOLETIN MENSUAL of the DGSS [General Directorate of Statistics and Census].

From January to August 1984, the real wage went down as noted as a result of the negative rates of -18.5 percent in the public sector, -10.31 percent in the private sector, -9.1 percent in Montevideo and -13.53 percent in the interior.

The accumulated change for 12 months (August 1983 to August 1984) was -11.04 percent. There were levels of -16 percent in the public sector and -5.28 percent in the private sector while they were -6.77 percent in Montevideo and -0.69 percent in the interior.

In August the real wage went down 2.29 percent throughout the country due to rates of -3.49 percent in the public sector, -1.05 percent in the private sector, -0.96 percent in Montevideo and -1.23 percent in the interior.

## Unemployment Increased

The unemployment rate in Montevideo grew for the third consecutive moving quarter. In the period April-June 1984, it was 14.07 percent; in May-July, 14.31 percent; and in June-August, 14.66 percent. The DGSS report shows the evolution of unemployment from the July-September 1983 quarter. The figures show that the highest level of unemployment was in the period August-October 1983, 15.28 percent.

In the June-August 1984 quarter, the unemployment rate by sex was 10.91 percent among men and 19.8 percent among women. The employment rate of 49.42 percent ranges from 66.46 percent among men to 35.54 percent for women. The rate also has 3.82 percent seeking work for the first time, 10.11 percent idle and 0.73 percent on unemployment insurance.

By sector, the highest level of unemployment was recorded in the construction industry, 25.7 percent, followed by the manufacturing sector with 13.8 percent, trade with 9.6 percent, community, social, personal and public services with 8.5 percent, banking and finance at 7.2 percent and transportation and communications, 5.8 percent.

7717

CS0: 3348/77



FINANCE MINISTER SUBMITS 1985 BUDGET TO CONGRESS

Caracas EL UNIVERSAL in Spanish 10 Oct 84 p 2-1

[Text] In his speech to the Chamber of Deputies during which he submitted the draft budget for 1985, Finance Minister Manuel Azpurua stressed the need to generate additional government revenue.

In his address the minister said:

This draft budget, the first that the administration of President Jaime Lusinchi has drawn up, embodies the guidelines of a new economic policy. It is also a reflection of difficult times.

The crisis that has plagued the country over the last few years obliges us to improve our fiscal practices by making them more realistic, while the goals of progress and social justice demand a reorientation of government revenue and expenditure policies.

These efforts have just begun. In the few months since the beginning of this administration it has taken steps and set in motion programs that chart a course and point to a path. But there is still a long road ahead of us in reordering government finances and spurring domestic economic activity to recovery.

The draft budget is one more step along that road. In drafting it, we have sought to tighten up and make outlays more efficient.

We have placed special emphasis on eliminating all estimates of revenues or outlays that are not realistic. Savings will result from the policies we adopt, not from announcements of good intentions. The estimates of revenues are based on a conservative analysis of their ordinary sources, not on hopes for a promising future.

The draft budget does not fulfill all of our ambitions. There are still constraints that we have not been able to eliminate and that can be tackled and overcome only as the policies that the government has been adopting are put into practice.

We view the reform of our fiscal practices as a process within which this draft budget is just the first step. Mounting, sustained efforts will be required throughout much of this term of office as our policies take hold and help to overcome the economic crisis of recent years and consolidate the conditions for vigorous growth in production.

We have made major strides in this direction during this fiscal year. On 24 February, the president of the republic made decisions that dispelled uncertainties regarding exchange rate policy and the treatment of the private foreign debt. Later, he outlined to the country a program to reorient spending and reorganize government, a program that took shape in Decree No 55. Furthermore, he asked the sovereign National Congress to pass the law authorizing the president of the republic to adopt economic or financial measures required by the public interest. The passage of this law, with the improvements that the Legislature made, has enabled us to make progress in straightening out public finances and to implement compensatory measures that are an essential part of the national government's economic program.

On 22 September an agreement was reached with creditor banks to reschedule the foreign public debt on terms advantageous to the country and without any strings attached. I explained the scope of this agreement to both houses, along with the debt negotiator, on the fourth of this month.

This series of measures and results is testimony to the government's determination to take action and redirect the domestic economy in an atmosphere of dialogue and understanding, which is fundamental at the present time and in keeping with the social pact. We have succeeded in erasing question marks and in creating a base of confidence that is indispensable for stimulating investment and generating jobs.

The national government was faced with the dual task of organizing public finances and of preventing the necessary adjustments from heightening and prolonging the recession that had lasted several years and that was best illustrated by the 4.8 percent drop in the Gross Domestic Product in 1983. This coincided with a crisis in the external sector that led to exchange controls and the suspension of payments on the foreign debt as of the first quarter of last year.

In the face of this, the government worked out an economic policy aimed at a recovery of domestic production. As the president of the republic stated, the following are some of its basic objectives:

- To achieve a stable and self-sustaining increase in jobs and output;
- To balance external accounts and to maintain a suitable level of international reserves;
- To promote nontraditional exports and import substitution;

--To maintain a sound and self-financing oil industry;

--To arrive at a level of foreign indebtedness commensurate with the country's economic dimensions;

--To pursue a noninflationary public sector spending policy that will eliminate the budget deficit and that is consistent with overall goals, and

--To move towards a single, fixed exchange rate that will insure a realistic, appropriate parity for the bolivar.

These objectives, which are indispensable if we want to prevent a recurrence of the crisis, demand efforts to boost public savings, efforts that have been under way this year and that characterize the 1985 budget.

An analysis of the consolidated budget for the public sector enables us to see what has been accomplished. The public sector deficit in 1983 was 10.689 billion bolivars; by the end of this year it will have turned into a surplus of some 16 billion bolivars, and estimates are that it will be about the same in 1985.

As far as net public savings are concerned, we see that whereas they totaled 23.764 billion bolivars in 1983, they will hit 47.496 billion in 1984; in other words, they doubled during the current administration's first year.

The policies we have adopted are responsible for these results; among the most important ones are the increase in the domestic price of oil derivatives, exchange rate policy, cutting current spending and the reorganization or liquidation of the main agencies in the decentralized administration that were losing money.

These savings, which will be used to finance development programs in fiscal years to come and to stimulate investment in the private sector by creating stable economic conditions, are the basis for solid economic growth.

I have allowed myself to make these general observations because the straightening out of public finances and stimulating public sector investment cannot be viewed independently of putting the decentralized administration on a sound footing, because this has been the main cause of our financial shortfall when it actually should be, if properly managed, the main source of government investment.

In this regard, we should bear in mind that the central government's budget accounts for just 22.3 percent of the consolidated budget of the public sector and that its relative importance has declined as that of the decentralized agencies has grown. Therefore, discipline in public finances demands strict guidelines and controls in the government's autonomous institutes and enterprises.

Moreover, we must emphasize that because of outlays to close gaps in debt servicing and particularly because the government began paying interest for the public agencies having financial troubles, the percentage of the budget earmarked for debt servicing rose from an originally estimated 28 percent to more than 38 percent in 1984, with no new borrowing. In other words, the government was simply straightening out accounts and taking care of payments in arrears.

Thirty-five percent of the 1985 budget is earmarked for debt servicing. This high percentage, caused by the commitments contracted before 1984, must drop in the years to come. In any event, though, it does not represent a much heavier burden than we have borne this year.

Although the higher allocation for debt servicing introduces a further constraint on the national budget, it does allow us to put public enterprises on a sound footing, because the central government is assuming their debts, thus freeing up funds so that they can perform the tasks that they have been assigned and, through investment and job-creation, contribute more to a recovery of the nation's production machine.

With regard to strictly budgetary matters, the rescheduling of the external public debt, as we have stated, enables us to program the outlays that we will make to this end over the next few years and thus to plan with greater assurance.

We have also made gains in identifying and quantifying the domestic debt, the growth and undetermined amount of which forestalled any possibility of straightening out the budget. Under the law that authorizes the president of the republic to take measures required by the public interest, the first bonds have been issued to pay for worker social benefits and to pay off debts to suppliers and contractors, which in addition to helping to normalize the financial situation of the Treasury and other public agencies, creates conditions conducive to a rebound in private production. These efforts have been made in close collaboration with the monetary authorities under a policy of orderly increases in the money supply that will ward off undue inflationary pressures.

Straightening out public finances entails a sacrifice that we must accept. The funds allocated to meet obligations that were inexplicably not met on time must be subtracted from what is available for other outlays, both in this and in future fiscal years.

A recovery is possible, however, only if we eliminate the causes of economic stagnation and static living standards. Therefore, our policy aims at tighter control of spending and more efficient government, without altering the impact of government spending on the economy. Thus, the public sector's net domestic spending will rise 8.8 percent in 1984 and 11 percent in 1985; this will give rise to greater activity

without a significant increase in the Treasury's current revenues and with a reasonable estimate of the internal expenditures of the Venezuelan Investment Fund (FIV). If the revenues and outlays exceed estimates, government spending could have a greater impact on the economic recovery.

It is with this in mind that the 1985 Fiscal Year Budget Bill has been drafted. Its goal is to boost savings, eliminate the deficit and assuring funding for scheduled investments.

We have placed special emphasis in drafting the budget on improving the distribution of income by expanding public services and making them more efficient. We have also set guidelines for boosting the exports of public enterprises and restricting their imports, thus favoring domestically produced goods and helping to straighten out our balance of payments.

Government investment is geared towards labor-intensive projects, while wage policy is based on collective bargaining. We will also keep taking steps to promote self-financing among government enterprises so that we can move towards abolishing transfers of budgetary funds to cover their deficits.

In summary, the goal is to rectify savings shortfalls so that we can finance our expansion and social improvement plans and thus again make the public sector one of the main engines of national development.

Nevertheless, with a clear awareness of the restraints on government spending under current conditions and taking the view that it is only one of the ways to promote an economic recovery, we have coordinated budget policy and the financial activities of the decentralized agencies with monetary policy and production incentives. Our basic guideline is that public sector investment will come from domestic sources and only in exceptional cases from overseas credit, particularly from multilateral development-financing institutions.

These policy principles, which the 1985 budget bill incorporates in writing, have been applied during the course of this year.

Estimates are that the current revenues for 1984 will total some 98.665 billion bolivars, 25.23 billion more than in the budget bill that the National Congress originally passed for this year. The rise was due mainly to the changes in the exchange rate system, which led to higher oil revenues and profitable exchange transactions.

Most of these funds have been used to bring the external public debt servicing up to date and to keep it there. Because of the inadequate funding for this purpose and because of the need to meet the requirements stemming from exchange rate modifications and to assume the debts of state-run agencies, the administration was forced to request approval of an additional 17.5 billion bolivar loan. Financing this loan



absorbed most of the government's extra revenue. There will not be another increase in revenues in 1985, which obliges us to pursue an austerity policy and to rein in spending so that financial and administrative turmoil will not recur.

The balance of the additional revenue has been allocated to cover budget shortfalls and to undertake priority programs. The farm sector was allocated 1.865 billion bolivars for investment financing, debt repayments and subsidies. The employment program, which is run by the ministries of urban development, transportation and communications, and health and social welfare, was given 1 billion bolivars, and Corpindustria was assigned 250 million bolivars to promote small and medium industry. In addition, 1.465 billion bolivars was allocated to cover budget shortfalls and pay debts of the Caracas Subway System and the Social Security Administration Fund, among others. The Venezuelan Investment Fund received 1.167 billion bolivars.

The distribution of the additional income entailed a change in the budget's economic structure in the form of a smaller relative share for current expenditures, which are down from 53 percent in the initial budget to 46 percent in the amended budget, and an increase in capital spending and investment from 17 to 18 percent, while debt servicing rose from 28 to 38.6 percent, as I have already mentioned. In short, we have managed to halt the upward trend in current spending. Although this is a quantitatively minor change, it reflects a new direction in budget policy.

Estimated 1985 revenues total 103.406 billion bolivars, 61 percent of which, 63.014 billion, is from petroleum. The projected income from fossil fuels is based on exportable output of 1,502,000 barrels a day and an average export price of \$27.04 a barrel, 30 cents higher than the anticipated 1984 price. We have been especially conservative in our estimates of revenues from this major source.

Internal revenues have been estimated at 40.392 billion bolivars, bearing in mind the economic prospects for next year. We have also taken into account the administrative measures that the Sectorial General Directorate of Income of the Finance Ministry has been taking to enhance revenue collection. It bears emphasizing that we have conservatively estimated the impact of the tax measures provided for in the law that authorizes the president of the republic to take steps required by the public interest, such as changes in the Alcohol and Alcoholic Beverages Tax Law, the Revenue Stamp Law and the Organic Law of Consular Services.

The 1985 budget calls for outlays of 103.406 billion bolivars. Of this amount, 46.611 billion (45 percent) is current spending; 20.355 billion (19.7 percent) is real investment spending and financial expenses, while debt servicing will absorb 35.846 billion or 34.7 percent. Current spending is up 5 percent, capital spending is up 8 percent, and debt servicing outlays are down 9 percent from the 1984 budget.

The distribution of spending reflects mounting budget restraints that hamper pronounced changes in its structure. Even though the trend towards a larger share for capital spending, begun in 1984, continues, the impact of the rise is still minor. This will necessitate more investment by the decentralized administration and, in particular, from the FIV.

Moreover, only 28.7 percent of total spending in 1985 is earmarked for financing the activities of the central government. The rest will go for debt servicing, constitutionally fixed outlays and financing for decentralized agencies, including the stipulated contribution to the FIV.

Consumption expenditures are set at 24.642 billion bolivars in 1985, 85 percent of them for labor costs, and 79.3 percent of labor costs for the entire central government are accounted for by the ministries of education, health, defense and agriculture.

These numbers indicate that the natural increase in outlays for essential public services such as education, health and defense is proportionately greater than the rise in budget revenues, which limits the funding for other programs. This trend leads to the conclusion that services cannot be improved by higher spending but rather by a more efficient rendering of these services, and this demands constant monitoring to prevent waste and tailoring goals to the country's economic circumstances and the government's finances.

It is for this reason that the administration has placed particular emphasis on belt-tightening programs, on eliminating unnecessary spending, on tight controls over procurement and on reorganizing the entities that are inefficient and losing money.

The growing constraints on some of the main sources of revenue contrast with the natural increase in unavoidable expenditures, which are taking up a rising percentage of available funds. Borrowing, which had become a way of financing often unnecessary spending and of eluding our duty to face the facts, has been practically depleted as a source of funding and is largely unadvisable, except in fully justified cases.

It is timely, hence, to give some thought to the future. The deficit can be cut and public savings increased in 1984 and 1985 by dint of discipline and through the economies arising from a reorganization of government. But this is an expedient of limited scope. As gains are made in cutting the fat out of government, the leeway for further savings through austerity narrows.

Therefore, it is indispensable to get the economy moving again in a way that creates jobs and generates additional tax revenues as a result of higher production. A tax policy that deepens the recession of recent years would not only be inappropriate but would worsen the economic and social problems facing the country.

The national government is determined to find ways to finance its budget without resorting to the damaging expedient of inflationary mechanisms that have caused so much economic, political and social harm in other Latin American countries in a bid for illusory, short-lived well-being. It is urgent, therefore, to revitalize state-run enterprises and make them truly productive so that they contribute to rather than weigh down the national budget. We are moving in that direction, as we can see from the performance of the aluminum enterprises and the petrochemical industry. In this same regard, we have proceeded to liquidate, abolish or declare in reorganization the most inefficient enterprises and transfer to the private sector those that do not perform inherently public sector functions. We will reinvest most of the savings from these efforts so that we can maintain suitable levels of productivity and boost output.

There must also be a rebound in private sector activity if the production of goods and services and employment levels are to rise. We are aware of this, and the government will cooperate as necessary to complement the efforts of the workers and employers themselves.

The government must also expand its sources of revenue. Next year's budget calls for an increase in the funds earmarked for more effective revenue collection. Furthermore, as the national economy picks up, we will take steps to improve and update the tax system to make sure that the domestic efforts of Venezuelans play an ever larger role in financing our common needs.

The 1985 budget bill is being submitted at a difficult time for the domestic economy, as it would be untimely to cut back spending drastically or raise taxes because this could become a drag on a recovery. Once this period is behind us, however, we must bear in mind that our tax system will have to be reformed.

Congressmen:

The country's current situation imposes a common responsibility on us. In a few short months the national government has demonstrated its determination to straighten out public finances and create a climate of hard work and discipline that is conducive to economic recovery. We realize that we have a long road ahead of us before we emerge from this predicament and we also realize that we must persevere in the effort. Only the joint action of government authorities, of political parties, of the workers, of employers, of professionals, in short, of the country as a whole, will insure that we overcome our difficulties.

8743

CSO: 3348/63

LEOPOLDO CARNEVALLI DISCUSSES 1985 BUDGET

Caracas EL DIARIO DE CARACAS in Spanish 10 Oct 84 p 39

[Text] The largest budget in Venezuela's history was made public yesterday. Paradoxically, however, this enormous budget is marked by austerity and, one could even say, a revenue crunch.

The director of the Central Budget Office (OCEPRE), Leopoldo Carnevalli, described the government's 1985 budget as "realistic," "tough" and above all "balanced," that is to say that outlays are in keeping with revenues and there are no expenditures exceeding available income.

Breakdown of Revenues

Revenues total 103.4 billion bolivars in 1985, with the same breakdown as to traditional sources. It bears remembering that the budget in 1983 totaled 78.829 billion, rising to 98.664 billion in 1984. This budget was revised because it was initially 77 billion bolivars.

Oil continues to be the main source of revenue, 63.014 billion bolivars, with domestic revenues hitting 40.392 billion. The latter comprise all taxes (12.396 billion), import duties (3.469 billion), the tax on alcohol (2.556 billion), the tax on cigarettes (1.572 billion), oil derivatives (1.682 billion) and others (818 million).

With regard to domestic tax revenues, we should point out that the taxes on alcohol and cigarettes will bring in an additional 1.299 billion bolivars in 1985. The alcohol tax will provide the most extra revenue, rising from 1.3327 billion to 2.556 billion bolivars.

Domestic revenues also include charges for customs services, tolls, transportation fares, revenue stamps and others. Proceeds from revenue stamps will rise from 253.1 million to 379 million bolivars.

Another category of internal revenues is commercial and industrial income, which includes the carryover from the Central Bank of Venezuela's profits; this is estimated at 5.584 billion bolivars in 1985 (the carryover was 3.2291 billion in 1984). In addition to this carryover there are revenues from exchange transaction profits, which have

been estimated at 9.775 billion bolivars for 1985. It bears noting here that profits from exchange transactions totaled 10.0863 billion bolivars in 1983 and 14.457 billion in 1984. Thus, the 9.775 billion in 1985 represents a decline of 4.682 billion bolivars.

As would be expected, the 1985 budget does not anticipate any supplementary revenue, because such revenue is defined as income entering the country under incidental circumstances. More than 1.6 billion in supplementary revenue was posted in 1983, decreasing to 1.216 billion bolivars in 1984.

Table 1. Breakdown of Spending by Institution (Central Government)

<u>Code</u>	<u>Institution</u>	<u>1983</u>	<u>1984</u> <sup>1</sup>	<u>1985</u>
01	Congress of the Republic	209,000,000	209,000,000	211,200,000
02	Office of the Comptroller	188,686,955	189,008,345	209,008,345
03	Supreme Electoral Council	420,000,000	263,000,000	100,000,000
04	Ministry, Secretariat of the Presidency	1,277,422,533	1,102,902,152	1,012,209,000
05	Ministry of Interior	11,954,696,931	11,752,185,000	16,121,165,000
06	Ministry of Foreign Affairs	479,721,467	815,575,365	778,028,000
07	Finance Ministry	24,101,382,396	43,867,664,229	41,178,723,663
08	Defense Ministry	5,127,301,903	5,337,374,140	5,831,510,000
09	Development Ministry	201,825,394	473,476,626	172,600,000
10	Education Ministry	13,688,827,783	14,669,673,448	15,691,506,000
11	Health and Social Welfare Ministry	4,669,796,304	4,947,522,503	5,221,155,000
12	Agriculture and Livestock Ministry	3,636,282,057	5,304,716,505	3,064,131,000
13	Labor Ministry	217,684,909	721,262,209	867,189,950
14	Transport and Communications Ministry	4,759,278,606	4,945,700,537	4,195,457,000
15	Justice Ministry	696,028,268	727,921,429	759,200,000
16	Energy and Mines Ministry	166,539,174	168,253,600	197,189,000
17	Environment and Natural Resources Ministry	2,511,871,926	1,834,812,514	1,852,191,000
18	Urban Development Ministry	2,994,064,605	3,515,411,042	3,500,081,000



19	Information and Tourism Ministry	191,670,324	166,765,607	205,620,102
20	Youth Ministry	1,100,047,260	903,005,450	862,498,000
21	Supreme Court	25,083,181	25,000,000	40,000,000
22	Council of the Judicature and the Judiciary	503,939,975	508,900,000	528,899,000
23	Public Ministry	117,133,280	116,822,380	143,822,000
	Budget adjustments		208,920,146	662,516,940
	Totals	79,238,285,231	102,774,873,227	103,405,900,000

<sup>1</sup>Updated as of 31 August 1984

Source: OCEPRE-SGP

#### Outlays

The OCEPRE director noted that there is going to be genuine discipline in public spending in 1985. He said that as part of the discipline the administration has not ruled out abolishing or merging certain government agencies. He added that the institutions that are already being liquidated, such as the Agricultural Marketing Corporation and the CVF [Venezuelan Corporation for Development], would receive only the revenues they need to complete the liquidation.

The breakdown of budget spending shows that three ministries (Finance, Interior and Education) account for more than 60 percent of the total. The allocation for Finance will be 41,178,723,663 bolivars, with 16,121,165,000 for Interior, and 15,691,506,000 for Education.

The smallest allocation is for the Supreme Court, 40 million bolivars.

Labor costs will total 20,706,088,911 bolivars in 1985. They were 18,322,010,000 in 1983 and 19,875,136,221 in 1984.

Debt servicing will absorb 35,846,004,608 bolivars in 1985. It totaled 19,139,106,264 bolivars in 1983 and 32,934,118,247 in 1984.

Spending on purchases of machinery, equipment and furniture will total 252,689,179 bolivars, and 3,405,706,507 bolivars have been earmarked for materials, services and repairs.

Contributions to public sector agencies will hit 31,862,155,169 bolivars. Spending will total 3,863,476,064 bolivars on projects and capital formation services. The budget allocations for transfers total an estimated 4,756,624,825 bolivars, which represents a sharp drop from transfers in 1983, which amounted to 12,375,978,208 bolivars. Other outlays are for financial investments. In summary, capital expenditures will total about 20 billion bolivars, and current spending accounts for 42 percent of the budget.

DECREASE IN AGRICULTURAL PRODUCTION CAUSES CONCERN

Caracas RESUMEN in Spanish 30 Sep 84 p 46

[Article by Jesus Filardo Rodriguez: "Alarming Situation in Agricultural Sector"]

[Text] The farm output and import figures are cause for national alarm and completely point up the mistakes of the agricultural policy implemented during the past 5-year term. It is necessary to declare a state of emergency in Venezuelan agriculture and food, along with a radical change in planning and production parameters and in the conduct of programs.

To demonstrate our viewpoint to public opinion in this article, we prepared four statistical charts on the country's current cultural situation and the consequences deriving from it as far as food production is concerned.

Agricultural crop production, with the exception of vegetables, tubers, and fruits, only came to 1.43 million metric tons, worth 5,030 million bolivares at current prices, according to Table 1. On the other hand, imports of all of the agricultural items exceed 4 million tons worth 4,510 million bolivares at an exchange rate of 4.30 bolivares per dollar, as we can see in Table 2.

We also prepared Table 3 which shows the chilling spectacle to the effect that we are indirectly financing the following: 2,078,000 hectares abroad through imports of corn, sorghum, wheat, sugar, oil crops, and leguminosae. (That does not include milk in a quantity equivalent to 2 million liters per day.)

Table 4 was prepared because of the controversy between the state (MAC [Ministry of Agriculture and Livestock]--Development--Cost Commission) and agribusiness with relation to farm product prices and the new PVP [expansion unknown] which they seek to achieve in an exaggerated fashion, in absolute disregard of the Venezuelan consumer. This table shows that the increase must be minimal since the current figures must have been imposed by agribusiness with the passive acceptance of the prior administration.

The agricultural situation inherited as a result of the mistaken policies implemented by the people who ran the past administration (increase in fertilizer

price, shortage of timely loans, lack of payment for harvests during three agricultural cycles, total surrender to agribusiness to the point of instituting a policy intended to break up the Agricultural Marketing Corporation, sale of consumption rice as sample rice, decline in corn and sorghum prices), is not only a source of concern but also constitutes a challenge. The agricultural program of President Lusinchi, which has been carried out, now runs into the resistance and blackmail of "agribusiness" which, acting as the real "lord of the land," refuses to receive the cereal harvests, thus creating chaos in the agricultural sector; it does not seem that the administration has found a way to force compliance with the decrees issued by the office of the president; these decrees established minimum prices for cereal crops and import quotas.

If this serious deadlock is resolved and if some of the parameters in research and marketing are modified and if the supporting structure is changed through drainage, wells, and dams in the Andean foothills, so as to include 1 million hectares in production, then it will be possible, in less than 10 years, to resolve the serious crisis of dependence in the matter of food.

Public opinion, which suffers the consequences of the disproportionate increase in food prices, must take a close look at the tables we are publishing today and thus realize the real situation in the Venezuelan rural areas and the situation of the farm operators and peasants who require an energetic attitude on the part of the administration to guarantee the attainment of the goals charted in the government program and in the decrees issued by President Jaime Lusinchi.

Table 1. National Agricultural Crop Production

1) Producto	2) Producción Ton. M.	3) Valor Unitario Bs./T.M.	4) Valor Total Bs.
5) Maiz	400.000	3.000	1.200.000.000
6) Sorgo	300.000	2.200	660.000.000
7) Oleaginosas	30.000	12.000	360.000.000
8) Azucar	240.000	5.000	1.200.000.000
9) Leguminosae	30.000	5.000	150.000.000
10) Arroz	400.000	2.600	1.040.000.000
11) Algodón	40.000	14.000	420.000.000
12) TOTALES	1.430.000		5.030.000.000

Key: 1--product; 2--output, metric tons; 3--unit value, bolivares per metric ton; 4--total value, bolivares; 5--corn; 6--sorghum; 7--oil crops; 8--sugar; 9--leguminosae; 10--rice; 11--cotton; 12--totals.

Table 2. Agricultural Product Imports

1) Producto	2) Importaciones T/M	3) Precio CIF/T U.S.	Total U.S.	4) Total Bs.
5) Maiz	1.000.000	145.60	145.600.000	625.080.000
6) Sorgo	700.000	126.95	88.865.000	382.119.500
7) Trigo	800.000	211.82	169.456.000	728.660.800
8) Aceite de Soya	240.000	695.44	166.905.600	717.694.080
9) Harina de Soya	800.000	211.82	169.456.000	728.660.800
10) Azucar	460.000	582	267.720.000	1.151.196.000
11) Leguminosas	70.000	600	42.000.000	180.600.000
<b>TOTAL:</b>	<b>4.070.000</b>		<b>1.050.002.600</b>	<b>4.515.011.180</b>

Key: 1--product; 2--imports, metric tons; 3--price; 4--total bolivares; 5--corn; 6--sorghum; 7--wheat; 8--soybean oil; 9--soybean flour; 10--sugar; 11--leguminosae

Table 3. Hectares of Agricultural Crop Production Financed Indirectly Abroad

1) Producto	2) Importación T.M.	3) Promedio Producción Por Ha. (Kg)	4) Total Has.
5) Maiz	1.000.000	2.000	500.000
6) Sorgo	700.000	2.000	350.000
7) Trigo	800.000	3.000	266.000
	240.000 L. Aceite		
8) Oleaginosas y Harinas	800.000 Harina Soya	1.500	800.000
9) Azucar	460.000	5.000	92.000
10) Leguminosas	70.000	1.000	70.000
<b>TOTAL</b>			<b>2.078.000</b>

Key: 1--product; 2--imports in metric tons; 3--average output per ha (kg); 4--total hectares; 5--corn; 6--sorghum; 7--wheat; 8--oil crops and flour; 9--sugar; 10--leguminosae.

Table 4. Weighted Price of Some Farm Products

1) Producto	2) Consumo T.M.	3) Producción Nacional	4) Valor Bs.	5) Importación T.M.	6) Costo Bs. CIF.	7) Valor Promedio T.M.
8) Maiz	1.400.00	400.000	1.200.000.000	1.000.000	626.080.000	304
9) Sorgo	1.000.000	300.000	660.000.000	700.000	382.119.500	1.042
10) Aceite	264.000	24.000	288.000.000	240.000	717.694.90	3.809
11) Azucar	700.000	240.000	1.200.000.000	460.000	1.151.196.000	1.878
12) Caracotas y otros granos	100.000	30.000	150.000.000	70.000	180.600.000	3.306
13) Trigo	800.000	0	0	800.000	728.660.800	910
<b>TOTAL</b>	<b>4.264.000</b>	<b>994.000</b>	<b>3.498.000.00</b>	<b>3.270.000</b>	<b>3.786.350.380</b>	

Key: 1--product; 2--consumption, metric tons; 3--domestic output; 4--value in bolivares; 5--imports, metric tons; 6--cost, bolivares, CIF, 7--average price, metric ton; 8--corn; 9--sorghum; 10--oil; 11--sugar; 12--beans and other grains; 13--wheat.

5058

CSO: 3348/39

NEED TO REVITALIZE TRADE IN CARIBBEAN REGION UNDERLINED

Joint-Ventures Proposed

Caracas NUMERO in Spanish 7 Sep 84 pp 10-11

[Interview with Ambassador Francois Moanack by Maria Jose Valenciano: "And What If We Were To Create Mixed Enterprises?"]

[Text] The special ambassador for area affairs came out with an idea that can be explored further: it would be more worthwhile to think of setting up small joint-ventures to penetrate the market better, rather than only of selling.

Venezuela's special ambassador for Caribbean affairs Francois Moanack told NUMERO that the country's interest in developing a policy toward the area is determined by geopolitical reasons and by the significance of the Caribbean market to Venezuela's trade.

At this time, Venezuelan exports of nontraditional products are oriented toward the Caribbean, their closest and most immediate market, by virtue of the existing links. However, there is no preferential agreement with the area and there is an agreement among the Caribbean countries (the CARICOM [Caribbean Common Market]) which is necessarily protectionist. Apparently, Venezuela's greatest advantage consists of lines of credit--through export financing (FINEXPO)--and its most important one is with Jamaica. There are also difficulties deriving from communications: Freight rates are good, but only when it is possible to get ships.

This is the context in which we talked to Ambassador Moanack who, when he is in Caracas on a few occasions, gathers in his office, on the ground floor of Yellow House, all of the information necessary for unfolding Venezuela's strategy in the Caribbean (the Greater Antilles, the Lesser Antilles, Guyana, Suriname, and Belize). "The Caribbean is now in vogue," he admits.

"It is evident that, since Venezuela is a Caribbean country, with the longest coastline, it must pay special attention to that, its geopolitical scenario." This is why, according to Moanack, Venezuela "must seek to stress, strengthen, and consolidate its existence and maintain its leadership in the area."



[Question] Still, Colombia and Mexico have already spelled out a policy toward the Caribbean.

[Answer] We are all more or less working at the same time; perhaps some have achieved a better position in commercial matters although that is debatable. Our experience in the Caribbean enables us not to agree with that statement. We are pursuing a coherent and dynamic policy which very much takes into account the characteristics of the countries, such as language, origins, as well as political and economic systems.

(Moanack believes that these factors are important "because, unless we know them and measure their influence on the behavior of those countries, any action can be frustrated.")

#### New Ideas

These are the roots of the importance of the design which is being worked out in the foreign policy toward the Caribbean, says Moanack. "Because we are changing from paternalism toward a policy of participation."

He noted that this is a new relationship "between the Caribbean and Venezuela" in order to elevate it to a more technical and less assistance-oriented (donation-oriented) level.

"All of this means that Venezuela demands an effort on the part of the other countries in the Caribbean to be able to carry out a constructive undertaking which will benefit both parties since our capacity will grow to the extent that we manage to achieve a greater response capacity."

[Question] Why is the Caribbean attractive to Venezuela?

[Answer] Because it is a natural market. If we manage to turn that "natural market" into reality through definite financial actions and cultural presence, then the Caribbean will become an attractive and interesting zone for the Venezuelan economy.

If we realize that a country's geopolitical enclave cannot be moved to another site, then the first step, without looking any further, is to develop that which is all around us and which is going to constitute the natural scenario in which we will operate.

Moanack pointed out that the strategic importance of the Caribbean is obvious and, consequently, "it is evident that our security depends on that region's security." This is why it is necessary to plan a series of actions which, together, will be nothing more than the shaping of a macropolicy.

[Question] What does the Caribbean offer to Venezuela?

[Answer] Security and a market for its products. However, this would be achieved by "establishing" a presence in the Caribbean. We must seek an identity

if we are a country of the Caribbean and then with the peoples of the area. That identity will make it possible to develop mutual confidence. And that in turn will open channels toward other activities of mutual benefit.

Moanack said that Venezuela "is more than a country, as far as they are concerned; they are already beginning to agree that Venezuela is a part of the region and has a role to play there."

#### Commercial Aspects

Three bilateral mechanisms and one multilateral mechanism have been put into practice. The three bilateral ones are the Special Fund for the Caribbean, the Investment Fund of Venezuela, and FINEXPO, included in the financing mechanisms of the Central Bank.

"With FINEXPO" Moanack revealed, "the action carried out so far has been through the grant of lines of credit to sell our products on those markets." In this respect he added that the majority of the countries in the Caribbean have lines [of credit] with Venezuela but they are not used in some cases and in other cases, such as Jamaica and the Dominican Republic, they have run out and have been renewed.

As for the Special Fund for the Caribbean, loans were granted to finance housing, road construction, building construction, electrification, and fishing projects, among other things.

"The important thing to stress at this point is that the engineering is Venezuelan, the products are Venezuelan, and the consultant function is beginning to be Venezuelan," the ambassador observed.

The special fund is operating in the context of the Investment Fund of Venezuela and the Ministry of Foreign Relations. The loan application is received from the interesting country; the project is evaluated, the percentage of the national component's participation is estimated, "not forgetting the country's ability to pay" and then the loans that are recommended generally, according to Moanack, are "soft," with long deadlines and an attractive grace period.

The Venezuelan Investment Fund works through the San Jose agreement which was signed in 1980, based on the terms of petroleum cooperation between Mexico and Venezuela which relieves the petroleum bills of 13 countries, including some of the Caribbean, which benefit through a profit of 20 percent which is applied to development projects.

The multilateral agreement runs through the Development Bank of the Caribbean, of which Venezuela is a donor member. Through contributions, it aids in the execution of projects; but, starting this year, bank authorities are required to make sure that these funds will be used to buy in Venezuela.

"We are sure," added Moanack, "that we have reached a technological level in certain sectors which is so high that we can export it. In the housing sector, with 100-percent Venezuelan technology, we are building 1,000 housing units in Jamaica and 500 in Belize."

In this connection he announced that Venezuela is participating in an electrification project in the Dominican Republic. In Dominica, it is also participating in the highway construction sector and in Santa Lucia it built a port with Venezuelan technology.

Moanack noted that, on the product market, transportation is an obstacle to be considered, both from Venezuela to the Caribbean and from the Caribbean to Venezuela. He also indicated that the potential exporter, who wants to sell his products on such a close and accessible market as the Caribbean, will find that he must first of all get all of the required permits, a process that takes entirely too long and that appears to be on the way toward solution through a single document; besides, in some cases there is a trend toward bringing the paperwork into line with an already receptive market.

The ambassador came out in favor of doing more than just "selling" in the Caribbean and establishing joint ventures, in other words, small mixed companies; once we have gotten into the Caribbean country, due to the interdependence between the islands, we can expand the Venezuelan market among them, taking one of those countries as point of departure.

The CARICOM

In Moanack's judgment, the CARICOM (Community of the Caribbean) is not working the way its members had hoped since there is not sufficient confidence among the members of CARICOM.

[Question] Given the characteristics of the CARICOM, a Caribbean common market, would it not be an obstacle to Venezuela, above all in that search for markets in the region?

[Answer] Venezuela must not interfere in the CARICOM. They insisted on keeping that community closed, for historical and political reasons. However, the CARICOM will not be an obstacle to a major commercial advance toward the Caribbean on the part of Venezuela.

Integration mechanisms usually put up barriers in the way of the trade of third countries but they have to become more flexible because of the very necessities that arise.

Moanack recalled that there is another mechanism through the Central Bank of Venezuela which consists of selling deposits to help countries with balance of payments problems. That is true of Santa Lucia, Jamaica, the Dominican Republic, Antigua and Trinidad.

"At any rate," he said, "all the money that is oriented toward the Caribbean can be recovered and in this sense we are thinking of opening up, a little bit, the activity of the Special Fund for the Caribbean, in order to include the financing of preliminary feasibility and feasibility studies, taking into account the fact that one of the problems faced by the region relates to the drafting of projects. In this way we will be giving Venezuela an opportunity to participate in them and, in some cases, to carry them out."

## Transportation Problems

Caracas NUMERO in Spanish 7 Sep 84 p 11

[Text] It will be impossible to carry out a coherent policy toward the Caribbean so long as we do not have adequate transportation. Where we do have adequate transportation (Aruba, Curacao), trade reaches big figures. When it is sporadic (Puerto Espana, Santo Domingo), trade relations are reduced in monetary terms.

This is the approach used by AVEX (Association of Venezuelan Exporters) in view of the prospects of expanding the Venezuelan market toward the Caribbean region.

According to the report from the exporters, without effective action in the field of communications, all of the other policies that are supposed to be carried out in the field of export and investment promotion, are doomed to failure or, even worse, leave the impression that Venezuela is not serious and consistent enough with respect to what it promises and starts. Hence the importance of establishing a regular and fixed course which will break the vicious circle of what comes first--in other words, the cargo or the ship--and which after some time will cease to be necessary because, after regular traffic has been created, the cargo will be sufficient for profitable operation.

One of the solutions proposed by AVEX to the transportation problem is to take Santa Lucia a central island in the Caribbean, as a center for the consolidation of Venezuelan cargo and each of the importers on the islands would transport, from there, his goods toward their corresponding destination.

The demand from the eastern Caribbean (Antigua, Dominica, Grenada, Montserrat, St. Kitts-Nevis, St. Lucia, and St. Vincent), as recorded in the offices of AVEX, includes finished products such as food, fruit juices, sardines and tuna, canned tomatoes, table oil, yeast, jams, tomato paste, sausages, mayonnaise, cereals, beer, rum; furthermore: textiles and shoes, paper, chemical and metal-working products. As for the rest of the Caribbean, which includes the Dominican Republic, Jamaica, Curacao, Trinidad and Tobago, there is a demand for chemical and metal-working products, textiles, clothing, leather articles, food, beverages, and tobacco.

In this way, by achieving trade between the region and Venezuela, we would be turning Venezuela into a nontraditional products exporting country, realizing that its neighbor, Trinidad, with a considerable importing capacity, purchases from Japan and Germany, while most of the other countries import from the United Kingdom, Canada, New Zealand, and the United States.

5058

CSO: 3348/39

- END -

**END OF**

**FICHE**

**DATE FILMED**

10 Dec 1984